



## U.S. Seen Defender of Lebanese Army

By Thomas L. Friedman  
New York Times Service

**BEIRUT** — American involvement in the Lebanese crisis took a significant new turn Monday, when the U.S. Navy began firing its guns

### NEWS ANALYSIS

not to defend American soldiers under attack but to support the operations of a Lebanese Army unit.

The naval bombardment by two ships in support of Lebanese soldiers trying to hold onto their positions in the mountain-top village of Souk el-Ghab marked the first time U.S. forces have acted under the new rules of engagement given

them by President Ronald Reagan last week.

The president granted the Marines in Beirut the right to order air and sea strikes to defend the four-nation peacekeeping force and Lebanese Army troops. In elaborating on these rules of engagement, the White House spokesman, Larry M. Speakes, said at the time, "If the Marines are in danger because the Lebanese Army is in difficulty, the Marines are authorized to defend Souk el-Ghab."

As far as the Marines' being in any direct danger as a result of Monday's fighting, the Marine spokesman, Major Robert Jordan, said: "The statement said that successful Lebanese defense of the Souk el-Ghab area is vital to the safety of U.S. personnel."

## U.S., Saudi Envoy Press For Lebanese Cease-Fire

(Continued from Page 1). close to the city but did not open fire.

Syria had yet to make a public response to the naval shelling. But Mr. Jumblat said in Damascus that the bombardment had prevented his forces from occupying Souk el-Ghab.

Military sources in Beirut said Mr. Jumblat's fighters, widely reported to include Palestinian guerrillas, gained a foothold in the town Monday, but they added that the army had regained control.

Journalists saw Marine peacekeeping troops and also U.S. Army Green Beret military trainers in Souk el-Ghab on Tuesday. The army, as distinct from the peacekeepers, is on contract to provide training to Lebanese troops.

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The Associated Press  
A U.S. colonel talking with a Lebanese Army officer in the town of Souk el-Ghab after an American team was caught in shelling. The team was said to be acting as observers.

## WORLD BRIEFS

### Herzog Likely to Pick Shamir Today

**JERUSALEM** (AP) — Foreign Minister Yitzhak Shamir secured majority support in the Knesset on Tuesday for his bid to succeed Menachem Begin, and Israel Radio said President Chaim Herzog would appoint him prime minister designate Wednesday.

Mr. Herzog announced no decision as he ended talks with the political parties on Mr. Begin's successor, but the radio said that "in light of the consultations" with some of the factions, he would appoint Mr. Shamir to form the new government.

The Agudat Israel party was the fourth member of the coalition to tell Mr. Herzog that it supported Mr. Shamir. The parties, together with Mr. Shamir's Likud bloc, hold a majority of 62 seats in the 120-member Knesset, or parliament. Some parties have told Mr. Herzog that they would prefer a national unity government linking the opposition Labor Party and Likud under Mr. Shamir's leadership, but Labor appears unenthusiastic.

### Afghan Rebels Destroy Planes, Tanks

**ISLAMABAD**, Pakistan (LAT) — Anti-government insurgents destroyed two Soviet-built planes, three helicopters, five tanks and dozens of military trucks in recent raids in Afghanistan, Western diplomats said Tuesday.

The diplomats reported heavy fighting between the guerrillas and the Soviet and Afghan forces backing the regime of Babrak Karmal. While the capital of Kabul was quiet, they said, many travelers arriving for a Muslim festival brought stories of insurgent successes in the countrywide.

In addition, a government decision to recall into the army men who had already completed a tour of military duty since the undeclared war began in 1979 had created widespread resentment, the sources said.

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**Shamir Told**

Minister Yitzhak Shamir said Tuesday for his bid to succeed President Chaim Herzog.

As he ended talks with the press, he radio said that "in his view, he would appoint Mr. Shamir."

fourth member of the coalition government. The parties, together with the party of 62 seats in the Knesset, have told Mr. Herzog that without his leadership, but Labor's

destroy Planes, Tank

Anti-government insurgents

Afghanistan, Western diplomats

giving between the guerrillas and the regime of Babrak Karimov said many travelers arrived unscathed in the direction to reach into the arm and military units since the independence movement, the source said.

**Under Keeps Control**

The leader of Britain's youth wing to assemble in its annual conference, the youth wing, was given its own authority over the content of the speech was not present.

It was but criticized by some note and authoritarian style of leadership he had hoped that he might never

Pakistan Protests

Army units restrained demonstrating at well Tuesday, June

burnt two Government buildings and when they were dispersed, added for the U.S.-made aircraft of Karachi. About 150 arrests were

kilometers northeast of Karachi on Tuesday blocked the highway more than 10 hours, sources said. It disclosed one arrested by president Mohammad Zia ul-Haq.

ers Seek Senate

Supporters of a nuclear weapons amendment to the defense bill panel Tuesday to send the amendment to the Senate as House Republicans claimed that he would support it but not vote for it. A bill was introduced in the House on May 16 and referred to the Senate. It will be voted on in the Senate and voted on in the House.

**Toughen Their**

terms of Heigman, an up-and-coming spokesman for the Senate's foreign affairs committee, said he can be voted to serve as House Representative chairman and he would support it but not vote for it. A bill was introduced in the House on May 16 and referred to the Senate. It will be voted on in the Senate and voted on in the House.

• **Businessman Is Named As U.S. Envoy to Britain**

The Associated Press

WASHINGTON — President Ronald Reagan on Tuesday named Charles H. Price Jr., a longtime personal friend, to succeed John J. Louis Jr. as ambassador to Britain.

Mr. Price, 52, a business executive, has been ambassador to Belgium since 1981. Before that, he was with the Price Candy Co. for about 25 years. He also served as president or chairman of the board of American Mortgage Co., Price Bank Building Corp., American Bancorporation, Inc., Linwood Securities Co., and Twenty-one Central United, Inc. He also was formerly chairman of the board of the American Bank and Trust Co. of Kansas City, Missouri.

The current ambassador in London, Mr. Louis, made it clear he was leaving his post against his will.

He said last week that he was "disappointed and saddened." News paper reports said he was dismissed for "lacking impact" in the job.

At the same time, Mr. Reagan also announced his intention to make these other nominations, all subject to Senate confirmation:

• Geoffrey Swaine, 72, a former business executive, to be ambassador to Belgium. Since 1981, Mr.



LADIES DAY — At a ceremony in the White House Rose Garden honoring women in government, President Ronald Reagan shakes hands simultaneously with Nancy Reagan Steorts, left, chairwoman of the Consumer Product Safety Commission, and Margaret Heckler, secretary of health and human services. Applauding is Jeanne Holm, undersecretary of the Air Force, who is the highest-ranking woman in the Defense Department.

## Political Action Committees Change The Focus of Gifts to House Members

By Kenneth B. Noble

New York Times Service

WASHINGTON — The flow of money from political action committees to members of the House of Representatives has focused recently on members of two panels that deal with the merchant marine and public works, according to reports filed with the Federal Election Commission.

An analysis of reports for the first six months of this year indicates that the median amount received from political action groups by members of the two committees was higher than that for any other House panel.

The two committees displaced the Veterans Committee, which ranked first in 1981-82, and the Ways and Means Committee,

which has jurisdiction over taxes and which ranked second both years as the most popular panels for gifts from PACs.

Political action committees are organizations of people which contribute to a campaign fund. Members range from real estate operators and doctors to environmentalists and the elderly. The fund's directors distribute money to political candidates.

According to a computer analysis by the New York Times, the median amount received in political action committee contributions by members of the Merchant Marine and Fisheries Committee was \$14,720 in the six months ended June 30. The median is the level at which half the members got higher amounts and half lower.

Statisticians consider a median preferable to an average, which can be skewed by one large contribution.

The median amount of political action contributions received by all members of the House for the six months is \$7,293.

Asked why the Merchant Marine Committee, ranked 12th overall in 1981-82, rose to first place in the House this year in such contributions, Representative Mario Biaggi, a New York Democrat, was not reflecting Reagan administration policy when he suggested that UN members should consider removing the organization from New York City, according to Larry M. Speakes, the chief White House spokesman.

"It was not a White House-approved statement," Mr. Speakes said Monday evening, adding that Mr. Lichenstein's comments appeared to have been "off the cuff" and reflective of his personal views.

Another official indicated that Mr. Lichenstein's comments had taken the administration by surprise. He said that no one at the White House had seen the full text of his statement and that "we are waiting to receive an explanation."

Envoy Spoke For Himself, Speaks Says

New York Times Service

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## Bomb Damages W. German Plant

The Associated Press

RUETTSHEIM, West Germany — A bomb Tuesday destroyed a computer center at a West German plant said to be building components for transports of new U.S. nuclear missiles, a company spokesman said.

Anti-missile groups have said that the M.A.N. plant is delivering frames for heavy trucks that will be used to pull Pershing-2 missiles scheduled for deployment in West Germany, Hilmar Kobriger, said.

Mr. Kobriger said the plant was turning out frames for a new line of heavy trucks used by civilian companies, the West German military and the U.S. Army, but he described claims that the trucks were intended to transport the mobile missiles as conjecture. Mr. Kobriger estimated damage to equipment and other losses at 22 million deutsche marks (\$8.3 million). No one was injured.

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## U.S. Searchers Said to Hear Jet's Beep

By Michael Getler

Washington Post Service

WASHINGTON — American crews on vessels searching the Sea of Japan for wreckage of Korean Air Lines Flight 007 have heard electronic beeps emitted by the "black box" housing the plane's in-flight data recorder, informed sources said Monday.

The sources said the strong assumption is that the Russians, who are scouring the area with dozens of ships and planes, have also heard the telltale beeps. But neither side appeared to have found the data recorder, the sources said Monday.

The electronic beeper, of a sort carried by all airliners, is meant to help searchers find wreckage. The beepers normally operate for about 30 days. The South Korean airliner, with 269 persons aboard, was shot down Sept. 1.

The sources said they were almost certain that the wreckage containing the in-flight recorder was in international waters, rather than Soviet waters. As one official said Monday, "There is one hell of a race going on out there" to locate the beeper, and with it the black box.

U.S. Navy sources told The As-

sociated Press on Tuesday that the search vessel Narragansett picked up "pings" Monday from the South Korean jetliner's black box, using a trailing underwater microphone, but later lost the signal.

American, Japanese and South Korean officials believe the in-flight recorder could contain an explanation of why the plane strayed hundreds of miles off course and into Soviet airspace before being shot down.

The recorder could also contain additional communication by the KAL pilot or crew that might indicate if they had any warning that they were in trouble.

The Soviet Union contends that the Boeing 747 was on an espionage mission to gather information about sensitive military installations and that it gave off unusual electronic signals in flight. A Soviet air marshal said in Tuesday's edition of Pravda that the timing of the flight was meant to coordinate the airliner's electronic espionage with other American intelligence-gathering craft, including a satel-

lite. The United States and South Korea have denied that the plane was being used for espionage. But

officials in Washington have speculated in recent days that if the Russians find the wreckage, they will try to fabricate documents or tamper with the black box to substantiate their charges that the airliner was on a spy mission.

The search area is centered in the seas off the southwestern tip of the Soviet island of Sakhalin, near a smaller island called Moneron. The Japanese have reported sea depths of 600 to 900 feet (180 to 270 meters) in the region, but military officials in Washington have put them at 900 to 1,200 feet.

Sources said that both the United States and the Soviet Union have equipment in the region capable of locating the beeper and retrieving the wreckage, but that the Russians probably have an edge because they have been in the search area longer with more equipment.

The Russians have two dozen vessels in the area and have been observed lowering small submersible vehicles from salvage ships. There have been reports that they have raised at least one sizable piece of wreckage. American officials said the Soviet crews probably had retrieved something but there was no indication as of Monday

that it was the crucial piece of the plane containing the black box.

American sources said there appeared to be several large pieces of wreckage strewn over a wide area.

■ **Russia to Hand Over Debris**

The Soviet Union informed the Japanese Embassy in Moscow on Tuesday that it will hand over "items and documents" from the South Korean jet next Monday. The Associated Press reported from Wakkanai, Japan.

The report, quoting a Foreign Ministry official who asked not to be named, said the Soviet Union did not specify what type of material it would turn over.

The official said the material would be transferred at Nevelsk, on the west coast of Sakhalin. The Russians instructed the Japanese not to use a warship to retrieve the material.

Meanwhile, U.S. and Soviet vessels in waters off Sakhalin weathered a storm Tuesday that momentarily halted search operations.

The Maritime Safety Agency of Japan said strong winds and rain had reduced visibility and sharply curtailed the movements of search vessels. Nine Soviet and two U.S. ships were counted Tuesday by a Maritime Safety Agency patrol vessel. Nine other vessels showed up on radar in the area.

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## U.K. May Sell Chile a Cruiser

United Press International

LONDON — Britain is planning to sell the HMS Antrim, a light cruiser that saw action during the Falklands conflict, to Chile for £5 million (\$7.5 million), a spokesman for Lloyd's List Register said Tuesday.

The assembly agenda includes a score or more related to arms control and disarmament, and the Soviet Union expected to campaign for support among smaller nations to curb Western rearmament plans.

The assembly is expected Friday

to admit a new UN member, St. Kitts-Nevis, a Caribbean island nation

that gained independence from Britain Monday. It will increase UN membership to 158 countries.

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## China Reasserts Hong Kong Claims As British Envoys Arrive for Talks

**Reuters**  
BEIJING — China accused Britain Tuesday of adopting a colonial attitude over Hong Kong and said it intended to play an active role in running the territory after it regains sovereignty in 1997.

The Communist Party newspaper People's Daily said in an article published two days before talks re-

sumed on the future of the colony that China was fully entitled under international law to regain sovereignty over Hong Kong.

The article challenged British statements that Britain had a moral responsibility for the territory. It said that as the overwhelming majority of the population was Chi-

nese, "only the Chinese government is their true representative."

Britain and China have held three rounds of talks since July aimed at settling the future of Hong Kong after a 99-year lease on most of the territory expires in 1997.

The content of the talks is secret, but diplomats in Beijing believe the atmosphere has become increasingly sour in recent weeks.

Diplomats said Tuesday's article was a further sign that the two sides were still far apart. The article said: "The British are still adopting a colonialist stance, their central intention being to continue their colonialist rule in Hong Kong." It added that such an attitude went "against the tide of history."

The article reiterated that China intends to allow Hong Kong to maintain its own economic and social system after 1997. "When China talks of regaining sovereignty over Hong Kong," it said, "it means reviving the enactment of sovereignty, including reviving administrative powers, and definitely does not mean regaining only a nominal, empty sovereignty."

It said China accepted that Britain would represent the interests of the British minority in Hong Kong and that Beijing would give them "active consideration and care."

The British team at the talks includes the governor of Hong Kong, Sir Edward Youde, who angered Beijing in July when he said he represented the 5.2 million people of the colony.

A Chinese Foreign Ministry spokesman retorted that he could only represent the British government.

Sir Edward arrived in Beijing Tuesday for the third round of talks on Hong Kong as the colony's currency continued to fall sharply in nervous anticipation of the negotiations.

Mr. Urban said five political犯人 had been charged with trying to overthrow the Communist system under another section allowing five to eight years' imprisonment.

He named the seven as Andrzej Gwiazda, Maria Jurczyk, Seweryn Jaworski, Karol Modzelewski, Andrzej Rozplochowski, Grzegorz Palka and Jan Rulewski.

Mr. Urban said there were no dates fixed for the trials.

Mr. Urban said 55 people jailed for political offenses as of July 22 — the date martial law was lifted — had had their sentences reviewed and halved by the courts.

He said 177 others suspected of political crimes had been detained since July 22 and were under investigation. But only 116 were still in custody.

Mr. Urban confirmed that the government would impose increases in food prices of between 30 percent and 40 percent in January 1984, as disclosed Monday by a Communist Party official.

## 11 Dissidents Are Charged In Warsaw

### Jailed Union Leaders Accused of Subversion

*United Press International*

WARSAW — Eleven dissidents, including seven Solidarity members, have been charged with trying to overthrow the Communist system, the government said Tuesday.

The government spokesman, Jerzy Urban, said that four members of the banned Workers' Defense Committee, known as KOR, had been charged under a section of the penal code that allows the death penalty. He identified them as Jacki Kurnik, Adam Michnik, Zbigniew Romaszewski and Henryk Wujec.

If applied, the maximum penalty would be carried out by hanging, but prison terms were considered more likely.

Mr. Urban said seven members of the outlawed Solidarity trade union had also been charged with trying to overthrow the Communist system under another section allowing five to eight years' imprisonment.

He named the seven as Andrzej Gwiazda, Maria Jurczyk, Seweryn Jaworski, Karol Modzelewski, Andrzej Rozplochowski, Grzegorz Palka and Jan Rulewski.

Mr. Urban said there were no dates fixed for the trials.

Mr. Urban said 55 people jailed for political offenses as of July 22 — the date martial law was lifted — had had their sentences reviewed and halved by the courts.

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Mr. Urban confirmed that the government would impose increases in food prices of between 30 percent and 40 percent in January 1984, as disclosed Monday by a Communist Party official.



DEATH IN ULSTER — John Trickle, 61, a former captain in the Ulster Defense Regiment, died on Tuesday outside his home in County Armagh, when a hidden bomb exploded as he started his car. No one has claimed responsibility for the bombing.

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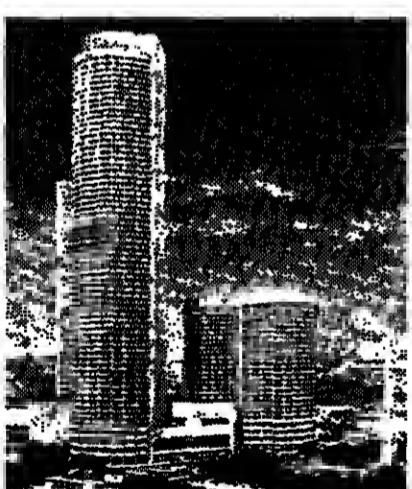
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## Philippine Opposition Says It Has Witnesses in Slaying

(Continued from Page 1)

as Galman being the assassin," Mr. Alano said. "They said one of the security men did it."

Opposition groups and supporters of the slain politician have blamed the military for Mr. Aquino's murder and called for the resignation of President Marcos.

Imelda Marcos, the politically powerful wife of the president, has also been accused by opposition groups of complicity in the murder.

On Monday she repeated her recent announcement that she would leave politics in 1984 when her term in the National Assembly ends.

A rally in suburban Makati by 2,000 government workers and schoolchildren to support President Marcos turned into a massive demonstration against the government after someone threw a water balloon at the pro-Marcos rally's chief organizer, Makati's mayor, Nemesio Yabut.

Major Yabut had begun speaking with a bullhorn at a corner of the street when his men shouted: "Marcos! Marcos!"

The office workers, hanging out of the windows in surrounding buildings, broke into a counter-

chant: "Ni-noy! Ni-noy!" Ninoy was the nickname of Mr. Aquino.

Marcos Warns on Bases

Earlier, *Washington Post* correspondent William Chapman reported from Manila:

President Marcos directly linked the issue of the Reagan visit and the American naval and air bases during the interview amid reports that the Reagan administration is reconsidering Mr. Reagan's one-day stopover.

The Reagan administration is said to be concerned about the president's appearance here in the aftermath of the Aquino murder.

The United States reportedly has put pressure on the Marcos government to come up with a satisfactory investigation and there are reports that it has used the possibility of canceling Mr. Reagan's visit as a tactic.

Mr. Marcos insisted Tuesday that he would continue to support U.S. use of the bases even if Mr. Reagan canceled his visit but repeatedly predicted that a cancellation would cause "the opposition to once again create an uproar against the bases."

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## Netherlands Announces 1984 Budget

Dutch to Cut Benefits, Reduce Corporate Tax

Compiled by Alan S. Gitterman from Associated Press

AMSTERDAM — The Netherlands has announced a budget for 1984 that cuts social benefits and civil service jobs, and also raises taxes on industry, while reducing corporate tax.

Prime Minister Ruud Lubbers's center-right government made its announcement yesterday with Queen Beatrix's blessing. The two years we are passing through, the Netherlands is becoming less of a parliament.

The government's budget proposals would cut social benefits by 1.2 billion guilders (\$1.13 billion), reduce pay allowances for public employees, trim subsidies and limit care payments by 1.2 billion.

There were also proposed extra duties on cigarette, beer and liquor plus an income board increase from 16 to 18 percent of the value added tax as it applied to goods and services. Public spending is to be cut further, guidelines.

But in an effort to stimulate new activity, the government planned to cut corporate tax from 48 to 43 percent, which all who work in industry provide a basis for increased employment and growth, he said.

Passage of the proposed budget was demanded since the coalition holds 140 seats.

Saving 2 billion guilders, but the Netherlands looks to system, but Finance Minister Herman Rueting and other finance ministers said if the nation was to improve its economy.

Budget documents stress even savings in the budget next year of 1.7 billion. Mr. Rueting and others said it is likely to be the second in the world after Japan.

Inflation is also expected to rise 7 percent next year, but the rate of growth of exports is projected at 4 percent.

Private firms, the business community, and the public sector of government have been asked to contribute to the budget.

The prime minister said the country is looking to the public and private sectors to help make up the difference.

Mr. Lubbers said the budget will be submitted to the parliament next year.

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WINTER COMES EARLY — A heavy snowstorm in Montana brought tree limbs and power lines crashing down. The storm, the first of the still young season, left up to a foot of snow in some areas. One casualty was this car parked in Helena, the state's capital.

## Chief of Probe Cites 'Organized Effort' By Reagan Camp to Get Carter Papers

By Martin Tolchin  
New York Times Service

WASHINGTON — Congressional investigators have uncovered evidence indicating "an organized effort" by Ronald Reagan's 1980 presidential campaign to obtain materials from the Carter White House, including the National Security Council, the chairman of the

committee said Monday. In his first status report since the investigation began in June, Representative Donald J. Alfonso, a Michigan Democrat, also said that all who work in a campaign provide a basis for increased employment and growth.

It is widely expected that James A. Baker 3d, White House chief of staff; William J. Casey, director of Central Intelligence; and Edwin Meese 3d, the White House counsel, will be asked to testify. Mr. Alfonso declined to comment on prospective witnesses.

Mr. Baker, who was coordinator for Mr. Reagan's debate with President Jimmy Carter, has said that he received the Carter White House materials from Mr. Casey, the campaign manager. Mr. Casey has disputed Mr. Baker's recollection. Mr. Meese was director of the Reagan transition team.

There was no immediate comment from the White House on Mr. Alfonso's statement.

Mr. Alfonso said investigators had interviewed 75 persons, equally divided between Reagan campaign aides and Carter White House officials, and that 30 to 35 others would be questioned. Investigators have also studied personal and official files of aides to Mr. Reagan's presidential campaign.

Mr. Alfonso said he recently concluded an agreement whereby investigators would study the personal files of Mr. Meese and Robert Garick, a retired admiral who has said he organized a network of retired military officers to monitor U.S. troop and aircraft movements for the Reagan campaign. The network was said to be looking for signs of the imminent release of the American hostages that were being held in Iran.

"There was a pattern, an organized effort on someone's part, to acquire material from the Carter White House for the Reagan-Bush campaign," said Mr. Alfonso, chairman of the human resources subcommittee of the Post Office and Civil Service Committee.

Mr. Alfonso, asked who initiated the effort, replied: "Who would the FBI?"

The chairman said that although the FBI had been helpful in the past in giving the committee materials it had developed, the pace had slowed in recent weeks.

"They've been slow in giving us material that I think we should have in our investigation," he said.

C.H. Gombault,  
Ex-Publisher of  
France-Soir, Dies

New York Times Service

PARIS — Charles Henri Gombault, 76, the influential former editor and publisher of France-Soir, died Monday in Paris, his family announced.

The son of Georges Gombault, a noted journalist of his day and a member of the parliament, Charles Gombault worked first as a reporter and commentator for several newspapers, then as editor in chief and finally as publisher, from 1961 until 1970, of France-Soir, the Paris evening paper that he helped found with Pierre Lazareff.

France-Soir set a new direction in French journalism, becoming a lively, popular, political newspaper with correspondents around the world. It set high standards for news coverage at a time when most of the French press devoted itself to editorializing from predictable positions on the events of the day.

Le Roy Prinz

LOS ANGELES (UPI) — Le Roy Prinz, 38, a choreographer credited in part with introducing the Charleston and the rumba to Americans and an arranger of dance sequences for such movies as "Yankee Doodle Dandy," "Rhapsody in Blue" and "South Pacific," died Thursday.

The prime minister said the country is looking to the public and private sectors to help make up the difference.

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## Costa Rica Cracks Down on Anti-Sandinist Rebels

By Marlise Simons  
New York Times Service

SAN JOSE, Costa Rica — Apparently fearing of being drawn into the Nicaraguan conflict, the Costa Rican government has moved against anti-Sandinists who have been preparing armed attacks on Nicaragua from Costa Rican territory.

In the last two weeks, Costa Rican security forces have arrested more than 80 followers of Edén Pastora, the rebel leader, seized weapons, boats and vehicles, and warned the group's leadership that its actions are endangering the stability of this tiny democracy.

Late last month, the government ordered 17 Cuban-Americans to leave the country. The minister of public security, Angel Solano Calderón, said they were mercenaries recruited in Miami, on their way to join the Pastora group.

And last weekend, a container shipped from Miami that purportedly held clothing for refugees was found to contain medicines, uniforms and 17 guns, Mr. Solano said in an interview.

Although the authorities here have made occasional arrests and seized small arms before, the present crackdown is the biggest effort yet to restrain the insurgent activities here of the anti-Sandinists.

Political leaders of the Pastora group, which is known as the Democratic Revolutionary Alliance, have held urgent meetings with President Luis Alberto Monge.

They've been slow in giving us material that I think we should have in our investigation," he said.

ues, members of the group here said, their supply lines may be seriously disrupted.

Apparent criticism of the crackdown by the U.S. ambassador, Curtiss Winsor, has irritated senior members of the government.

The ambassador told reporters here last week that in cracking

down on the supporters of Mr. Pastora, Mr. Solano was being "overzealous in interpreting President Monge's policy of neutrality."

According to politicians, it is an open secret that the Pastora group has been operating here for the last year with relative freedom and with the assistance or the tolerance of

some low-level officials and farmers who rent out their land and airstrips.

But there have been growing signs that the traditional tolerance of Costa Rica may be running out as it is buffeted by the actions of foreigners who, as one police officer put it, "are better armed and

trained and have more conspiratorial experience than our own security force."

Within the last week, the poorly trained and normally easygoing civil and rural guards and modest police force have had to deal with what the officer called a series of "bewildering incidents."

Police said they had arrested a member of the Basque terrorist group ETA who had confessed to being part of an assassination plot against Mr. Pastora and Alfonso Robelo, the political leader of the Pastora group.

Last Saturday, guardsmen captured 11 Nicaraguan soldiers who had reportedly landed on the Costa Rican coast while on the lookout for insurgents belonging to the Pastora group.

President Monge called a meeting of the National Security Council and the cabinet Monday to discuss the incident.

## U.S. Sets Up Panel to Study Family Violence

Washington Post Service

WASHINGTON — The U.S. attorney general, William French Smith, has called family violence in the United States a "serious and complex crime problem" and named a federal task force to study how the federal and state governments can deal with it.

The incalculable costs of these crimes in physical and emotional suffering, ruined lives and future crimes are intolerable in our civilized society," Mr. Smith said Monday. He added that the task force will "finally place the problem of family violence in its proper perspective in the criminal justice system."

He said the task force, with a budget of \$500,000, will meet and hold hearings over a six-month period, concentrating on physical and sexual child abuse, spouse abuse and mistreatment of the elderly.

Assistant Attorney General Lois Herrington, who will oversee the task force's work, said that although there are few statistics on

family violence and many cases are believed to be unreported, reported cases of child victimization doubled to 850,000 between 1976 and 1981, while a federal study showed that arrests in family-related offenses declined by 24 percent between 1973 and 1982.

William Hart, Dade police chief, was named to head the task force. Its members include John Ashcroft, Missouri's attorney gen-

eral; Ursula Meese, wife of presidential counselor Edwin Meese 3d; Ann Burgess, associate director of nursing research at Boston City Hospital; Frances Seward, safety director of the Jamaica Services Program for Older Adults in New York, and Catherine Milton, a researcher and author on law enforcement issues and assistant to the president of Stanford University.

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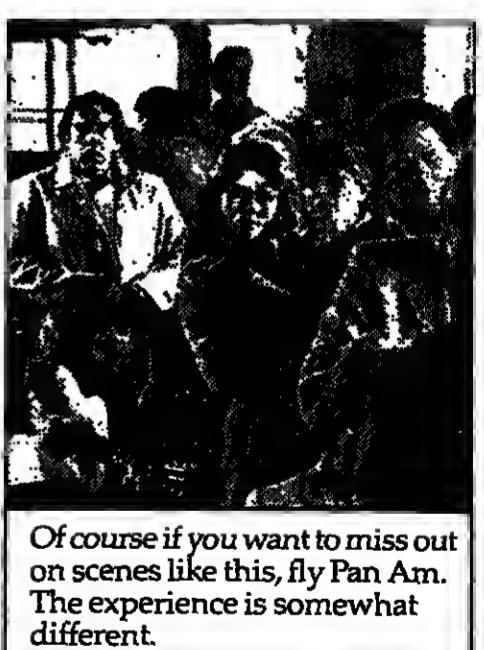
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# INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

## Congress and Lebanon

An unnecessary debate about the war-making powers of the president and Congress is creating a misleading impression. Americans are not divided about the role of the marines in Lebanon. Only if President Reagan persists in evading a congressional vote of support for their deployment will he invite resistance and send the "wrong signal" that he says he dreads.

In the administration's most forthright statement on the subject, Defense Secretary Weinberger has said the marines and other Western troops are in Lebanon to help "consolidate" the authority of its weak government. Their mission is to deter attacks against the Lebanese army and thus facilitate peace negotiations. He does not deny that Americans are involved, minimally, in the fighting. He thinks "the next few weeks and months will determine whether our objectives are achievable." He begs for that indefinite time.

Members of Congress observe that once the marines became involved in "hostilities," the president was required by law to notify Congress and seek its approval for their deployment beyond 90 days. That is what the War Powers Resolution of 1973 says, and it cannot reasonably be read otherwise.

Congressional leaders of both parties understand that a three-month deadline might encourage one or another Lebanese faction to resist good-faith negotiations. They would therefore endorse the deployment for a much longer period, perhaps even 18 months.

Then what is the problem? Some say it is the same one that led President Nixon to veto the

War Powers Resolution and force Congress to pass it over his veto: The commander in chief resents even an implied restraint on his use of troops. But that was settled a decade ago. Having the constitutional power to declare or refuse to declare war, Congress has an obvious right to legislate the meaning of war.

Some say the automatic 90-day deadline is a form of the "legislative veto" that the Supreme Court declared unconstitutional this year.

Others say the president fears a precedent that may restrain him if he should want to take more controversial military action in Central America. But will dragging Congress into court enhance the confidence of Lebanon's government? Would a great legal crisis discourage attacks on the marines and other efforts to wear down American support for the intervention? And would a popular rejection of Congress's support in the Middle East increase its confidence and tolerance for administration policies in Central America?

The War Powers Resolution is a prudent requirement that when United States troops are involved in foreign combat, they have authentic public support. Surely the first law of war in a democracy is that without public support, no intervention can long be sustained.

Mr. Reagan is right to fear that an early, automatic deadline for withdrawal from Lebanon would hurt his diplomacy. The way to get the most from the deployment of marines is to prove by act of Congress that American law, and opinion, stand behind him.

—THE NEW YORK TIMES.

## The Wrong Decision

The United States, in the matter of Soviet Foreign Minister Andrei Gromyko's non-attendance at the United Nations General Assembly session, has shot itself in the foot.

It was definitely in the U.S. interest to have Mr. Gromyko show up as usual in New York. He would have been exposed firsthand to the views of nations and great numbers of citizens about the shooting down of the KAL airliner and his government's arrogant conduct afterward. Those views could and do not want him to have been made abundantly plain to him, and to everyone else, while his safety and security would have been guaranteed.

Very few people on the American side seem to have acted in terms of this plain American interest. The governors of New York and New Jersey and the local airport authorities, who are no more experienced in foreign policy than in brain surgery, evidently thought they would be striking a blow, for well something, by banning the Gromyko plane. Some part of the administration then got into the act by determining that the Aeroflot boycott could not be bent even for the customary noncommercial flights carrying the Gromyko party. That de-

termined produced the bizarre invitation to fly a Soviet military plane to an American military field. It is not clear whether officials ever realized that they were handing Mr. Gromyko a ready-made excuse to keep out of a setting that promised to be extremely uncomfortable and embarrassing for him.

So the Reagan administration was left on the defensive explaining why, in its view, it had not violated the longstanding American "headquarters agreement" with the United Nations: "The federal, state or local authorities of the United States shall not impose any impediment to transit to or from the headquarters . . ." And the Soviet Union, which is working intensely to convince the world that the United States seeks to exploit the airliner incident for nefarious political purposes, was given a gift contribution for that campaign.

From being the party in the dock for shooting down the airliner, the Soviet Union cannot so easily slip into a role, in the lesser banning of the injured party. All the same, it was clumsy of the United States to give the Kremlin any opening at all.

—THE WASHINGTON POST.

## Other Opinion

### An 'Incidents in the Air' Accord

The risk of a nuclear Sarajevo may be far greater than that of a coldly calculated all-out nuclear attack. We can take measures to reduce the risk of crisis and inadvertent war.

The existing Washington-Moscow hot line is clearly one step, but we can go beyond it. One suggestion came from the late Senator Henry M. Jackson, who proposed last year that the United States and the Soviet Union create jointly a "military crisis-control center" where military and diplomatic personnel from both nations would monitor possible crises.

If such a center had existed, the Soviet defense command might have queried the Americans about the nature and mission of the airliner when it first entered Soviet airspace. Both sides then might have cooperated in directing the plane out of Soviet airspace or to a safe landing spot. Even better, the center's experts might have analyzed similar scenarios beforehand, recalling the unfortunate intrusion of a Korean airliner into Soviet airspace in 1978, and formulated standard procedures to prevent such accidental intrusions and to deal with them peacefully if they occurred.

In the incidents at St. Agustine signed in 1972, America and the Soviet Union agreed on procedures for avoiding and coping with collisions and near-collisions between American and Soviet naval vessels. Why not an Incidents in the Air Agreement for civilian aircraft?

—William Langer Ury, head of the Nuclear Negotiation Project at Harvard University, writing in the Los Angeles Times.

### A Tax Threat to Multinationals

If unitary taxation, now spreading through individual states of the United States, takes hold in the rest of the world, it will pose a real threat to the continued operations of multinational companies. Under the system of unitary tax, a host country or state does not tax the

earnings of a subsidiary company based within its borders. It instead claims a share of the parent company's global profits. It derives this share from some calculation of the proportion of the multinational's total business that is transacted locally. The idea has some superficial appeal. It is clear that multinational companies try to minimize their aggregate tax bills.

The use of tax havens as collecting points for revenue is a common multinational practice. The manipulation of prices at which goods and services are transferred between subsidiaries offers another means whereby group profits can be steered toward low tax areas.

On balance, the inadmissible element of tax avoidance by multinationals is probably an acceptable price to pay for the continued operation of such companies in a world that has yet to develop a global tax authority.

—The Financial Times (London).

### A Year of Woman in America

The coming year could be the year of the woman in Washington. A politician's number-one job is to get re-elected, and in 1980, for the first time in a presidential election, women went to the polls at the same rate as men. That watershed event did not go unnoticed.

With another big election roving into view, the polls are starting to jump aboard whatever pieces of the women's issue best suit them philosophically, with special emphasis on bills that won't cost the government any money.

Chief among these: proposals to strengthen women's access to retirement income.

—Syndicated columnist Jane Bryant Quinn.

### FROM OUR SEPT. 21 PAGES, 75 AND 50 YEARS AGO

**1908: Bryan Frightens Wall Street**  
NEW YORK — Wall Street during last week experienced the first effective political scare of the line. Under heavy selling the bear traders worked aggressively for reactions and caused considerable liquidations. Although there was considerable material upon which to base a Bryan scare, the opinion prevails in many quarters that the managers of Mr. Taft's campaign were not averse to its occurrence. Some persons go so far as to say that the scare was probably helped along by the Republican campaign managers, partly out of the apathy into which the campaign had fallen.

**1933: California Wants to Import SAN FRANCISCO — Increasing difficulties are being encountered in the application of the law forbidding public administrations in the State of California to place their orders for goods and material outside the United States. The chambers of commerce, notably those of San Francisco and Los Angeles, have taken up the matter and asked the state chamber of commerce to point out to the authorities the harm that may be done to the interests of this eminently exporting state by the measure. There is a current of opinion that it would be in the interests of America and California itself to repeal the law as soon as possible.**

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## The Partisan Peacekeeper in Lebanon

By William Pfaff

PARIS — There is a contradiction in what the United States is trying to do in Lebanon. It is the same contradiction that exists in American Middle East policy as a whole. Washington wants a strong Lebanese government that will reconcile Lebanon's communal factions and become master in its own house. It would also like to see a reconciliation of the Arabs with Israel. But the United States at the same time is a partisan in the Middle East.

America is Israel's ally, and Israel is the force that destabilizes and divides the Middle East by its very existence as a Western, Jewish state implanted in the midst of Islamic societies.

Israel is the central factor in the Middle East's crisis, and in Lebanon's. Moreover it will not — and cannot — go away. What to do about Israel has been the dominant and tumultuous issue in Arab political life since 1948.

Every enlargement of the U.S. role in the Middle East implies a strengthened Israeli position. It is Washington's policy to undermine the security of Israel. The United States would not even be involved in the Eastern Mediterranean were it not for Israel. The American national interest in Middle Eastern affairs concerns Western access to Arab oil, but that oil is mostly in Saudi Arabia and the Gulf region. There is no oil of consequence in Syria, Lebanon or Israel.

The United States would like to see Lebanon stable for Lebanon's own sake and for the sake of stability in the region. But it took on its present role in order to limit the influence of the radical Arab states in Lebanon, states whose

very "radicalism" lies chiefly in their unqualified hostility to Israel and to the United States.

Washington cannot be partisan and nonpartisan at the same time. The U.S. Marines in Lebanon cannot be described merely as peacekeepers. The United States is a partisan of Israel. It cannot, and will not, offer any concession to the Arabs to settle the Middle East crisis, which would be costly to Israel, or rejected by Israel.

Even the most moderate Arab wants an Israeli settlement with the Palestinians, yielding of the West Bank, a Palestinian state. This the Israelis will not consider. The United States can do little. Even if the United States were to break with Israel and end its aid, a prospect that is at present inconceivable, the Israelis would not thereby change their policy.

And the Arabs will not relent. Why should they? Egypt, Syria, Jordan and Lebanon have borne the burden of the struggle with Israel. Now Egypt is out of it. Jordan wants to be out. Israel has amputated southern Lebanon and Syria has amputated the north. In practical terms, this is a Syria-Israel confrontation now — and capable of becoming a Soviet-U.S. confrontation. The other Arabs are mostly onlookers.

Lebanese President Amine Gemayel has his position strengthened materially by the arrival of U.S. Marines and the support of the United States. He was at the same time compromised further in the eyes of Lebanon's Moslem and

Druze communities, and in those of Syria and the Soviet Union. The American link to Mr. Gemayel made it inevitable that the Syrians would oppose him. They have to regard any consolidation of his power as a consolidation of American power and a strengthening of Israel.

While the hatred that exists among Lebanon's communities has particular roots in the history of that country (and in the history of the region, before Lebanon became a country), by now it has become the vehicle of violently opposed forces in the larger world. No lasting solution in purely Lebanese terms now seems possible.

The alternative to reconciliation is promotion of one of the groups in Lebanon to power over the rest — that, or simply partition of the country. Partition would suit Israel and Syria. It is not what Washington wants, but the solution Washington wants is the one it is least likely to get.

Thus the United States is tempted to back the Gemayel government even more strongly, and to move against the Syrian and Palestinian interventions. That would be a bad miscalculation.

Lebanon is assuredly a civil war, but it is also the gruesome shadow play of that international conflict in the Middle East in which the United States has been a partisan but until now not a participant. New American action in Lebanon could change that. It would be a bad idea. Further internationalization of the Lebanese crisis serves no one's interest.

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## Two Fronts Put France In a Corner

By Dominique Moïsi

PARIS — With more than 4,000 troops in Chad and Lebanon and sizable quantities of weapons engaged on the Iraqi side against Iran, France has never been more involved militarily on the international scene since the end of the colonial era.

These interventions, although largely the result of circumstances, carry on a well-established tradition of the Fifth Republic's most spectacular case was the 1978 paratroop raid in Zaire to rescue foreigners trapped in the rebel-held city of Kolwezi. But the involvements are of a different and riskier nature, even if their legitimacy is not questionable.

Previous French interventions

were limited in scope and scale. They were either openly political or support or topple the African leader of a friendly regime, or were presented as humanitarian gestures, as in Kolwezi.

In Chad and Lebanon the chances of success of French intervention are less obvious mainly because the settings are far more complex.

In Chad, France runs the risk of being trapped in an endless conflict for the sake of a state whose artificiality, the legacy of its colonial past, is beyond repair. France's ally, Hissene Habré, is the temporary depository of legal authority and is resisting Libya after being its ally. Nobody in France — except for the Communist Party, which always speaks for Soviet interests — seriously disputes the legitimacy of the French intervention.

It is agreed that France should keep its commitment to maintain legally established regimes in French-speaking Africa. Chad must not become for France in Africa what Iran became for the United States in the Gulf region. Furthermore, restraining Libyan ambitions helps contain Soviet penetration in Africa.

If there is agreement on goals, there is no consensus on means. Many fear that France's intervention has come too late after the fall of Pata-Largeau. As a result, France must now maintain a presence whose economic, military and ultimately political costs will grow with time.

In Lebanon, the French intervention is highly problematic, given the insoluble local equation. The Lebanese situation is even more tragic, for Lebanon, unlike Chad, had a stable state for more than 25 years.

In Beirut, the French, like the other members of the multinational force, have the uncomfortable and increasingly surreal role of ensuring a shattered peace in the name of a state that may no longer exist, victim of the political suicide of its élites and the greed of its neighbors at a time when its inner vulnerability was exposed by the explosive Palestinian question.

The French presence in Lebanon is not disputed domestically; it is perceived as having historical, cultural, even religious legitimacy. But that presence may rapidly appear either too costly or irrelevant or both.

It is no accident that French casualties have been three times those of the United States. By shelling French positions, Syria, through its allies or directly, punishes the arms supplier of its principal enemy, Iraq, and discourages a bothersome presence. And casualties in Lebanon might reduce the French public's support for military initiatives in Chad.

The function of the multinational force in Lebanon is becoming less and less clear. Is it to support the Gemayel government, protect the Christian population, resist Syrian ambition — or has its deterrent role been reduced to self-preservation?

More than the matter of means, although the simultaneity of the two interventions may pose military problems, there is a question of goals. France should be present in Chad and Lebanon, but for what purpose and for how long? The Chadian and Lebanese situations are extremely complex. There are no foreseeable stable solutions.

These are not ideal settings for a test of will or strength. The old days of surgical, decisive interventions may be over. It is an irony of history that in France a Socialist government should be the one to discover it.

The writer is associate director of the Institut Français de Relations Internationales and the editor of its journal, Politique Étrangère. He contributed this comment to The International Herald Tribune.

## LETTERS TO THE EDITOR

### Policy Toward Nicaragua

Regarding "Reagan to Challenge Congress on Central American Policy" (IHT, Sept. 13) by Philip Taubman:

There is little difference between the Soviet maneuvers in Eastern Europe during the Polish crisis and covert Soviet aid to install the Polish military government on the one hand, and the U.S. maneuvers in Central America and covert U.S. support for Somozza's former National Guard on the other — except perhaps that the Polish military establishment has a relatively better reputation than Somozza's National Guard.

If President Reagan wants so badly to let Poland be Poland, why can't he let Nicaragua be Nicaragua?

Why must the United States have a Soviet-style string of satellites in Central and South America?

CLAUDE LEE CHENNAULT, Chavannes-de-Bogis, Switzerland.

Regarding "Government Li Said to Continue Nicaragua's Industry" (IHT, Aug. 19) by Kenneth Freed:

# Two Fronts Put France In a Corner

By Dominique Moïse

PARIS — With more than 200,000 troops in Chad and Libya, France has never been so militarily on the offensive since the end of the colonial era.

These interventions, which largely the result of circumstances on a well-established scale of the Fifth Republic, were mainly in Zaire to rescue Frenchmen trapped in the rebel-held town of Lubumbashi; in Chad to rescue Frenchmen held by their opponents; and in Libya to stop rebels from crossing into Tripoli.

Previous French actions were limited to coups and military coups of support in Africa, but a woman being a Socialist was making matters worse. And that was not afraid. I saw it made them mad, and so then I realized that I could not turn back. I had to face it.

Now she is facing different problems as minister of external trade and tourism in the third cabinet of François Mitterrand. The first woman to hold such high-level cabinet posts in France, she is just as feisty and outspoken as she was on her old turf.

Cresson's visit here coincides with Bloomingdale's salute to France, which opened in New York and Washington last week. During a stop at the French Embassy, she

dismissed criticism at home of government support for the Bloomingdale's promotion: The French have given Bloomingdale's about \$375,000 at a time when the French economy is weak. Besides, she adds, the money is not a lot. That is the interesting thing with trade. You don't need a lot of money. You need to place it well. I say the French are often penny wise and pound foolish. When you want to receive you have to give. It is a great lesson."

Clearly, Cresson, 49, is more comfortable in her new post. "Since I left agriculture everyone seems intelligent, charming, full of ideas and not complaining." And not always asking for money." She is touring several U.S. cities with more than 200 French business leaders. "They all are nice and say things like 'thank you' — I never heard that before."

She also dresses differently now. "I didn't dare dress up as minister of agriculture. I had always very [closed neckline] things, everything was plain. I didn't have any desire to dress, I was so tired. I arrived in the morning [at the office] and learned of a new manifestation [strike]. I fought like hell because [farmers] earn more money than ever before. And this is another thing they couldn't admit."

## France's Cresson: Tomatoes to Tourism

By Nina Hyde  
Washington Post Service

WASHINGTON — Edith Cresson smiles as she is reminded of a story when she was France's minister of agriculture and pealed with tomatoes during a farmers' strike. "It was worse," she laughs. "I had to be rescued by a helicopter."

Cresson refused to turn and run. "I was fond of them and that was making them mad. They couldn't imagine that a woman could be a minister of agriculture, first, and a woman being a Socialist was making matters worse. And that was not afraid. I saw it made them mad, and so then I realized that I could not turn back. I had to face it."

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Dressing is easy when Dior lends you things, she admits. She knows Nancy Reagan would be criticized for such a thing but says she is not. And it's "good publicity," she says, when she touts the clothes of less known talent; she is wearing a Torrente blue herringbone blazer long-sleeved shirt.

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The Associated Press  
Minister Cresson promoting French product.

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, SEPTEMBER 21, 1983

## ARTS / LEISURE

### 'The Genius': Doomsday Power Games

By Sheridan Morley  
International Herald Tribune

LONDON — Exactly 10 years after "Magnificence," and just three years after his splendid translation of "Galileo," Howard Brenton is back at the Royal Court with "The Genius," a play that wonderfully confirms his gift for eloquent political outrage while simultaneously

happens to be having an al fresco affair.

Here, as in "Magnificence," Brenton has managed to create a cynically funny study of English academic power games: Whether it's the vice chancellor (Clive Swift) noting that "in a big institution it's an essential condition for progress that nothing happens" or merely the observation that "if you fool around with the secret of the universe, the local cops are bound to call," this remains a scathingly witty outline of the tortured path to Greenwich Common. It's about the children of Galileo, but it's also about the author's deep-seated conviction that most of what's wrong even with nuclear physics has to do with unmanned men in Whitehall suits spiritizing people off the campus in midnight cars. As

conspiracy theories go, this seems to me one of the less well-developed and there are indeed enough holes in the plot of "The Genius" to accommodate an entire brigade of secret policemen. The only other professor we meet in the play turns out to be a bicycling Russian spy building a do-it-yourself bungalow near Moscow, and one of the only two other students is already on loan from MIS.

But Brenton writes with such

Boyle's production moves at such a cracking pace, that the hash-brown despair of Eve's wandering academic gradually gives way to a maniac doomsday farce through which can still be glimpsed the outlines of a major play.

At the end of what has been for him a quite remarkable Barbican summer, Derek Jacobi follows his Peer Gynt, his Benedick and his Cyrano with a surprisingly youthful Prospero in a glistening production by Ron Daniels from the last Stratford season. This is a "Tempest" for the eye rather than the ear. Maria Björnson's wonderfully magical set and a heavily choreographed masque suggest a ballet or an opera rather than a play, and many of the cast are a lot better at the movement than the verse.

As for Jacobi himself, however,

the owner of far and away the best Shakespearean voice since Gielgud's, finds himself on the wrong side of 50 for the full majesty of Shakespeare's great farewell to his own as well as Prospero's magical art, and perhaps also a little lightweight to be in full control of such creatures as Bob Peck's splendidly ape-like Caliban. Nevertheless, it remains a production of stunning beauty. Stephen Oliver's score and

Alice Krige's slowly awakening Miranda will remain the happiest memories.

In the Barbican Pit, Mikhail Bulgakov's "Molière" is being played by Anthony Sher as a companion-piece to his Tartuffe, though in rather less manic style. As translated by Dusty Hughes, the play seems to bear a marked resemblance to the *Dom/As/Sartrine "Kean"* in that here too we have a backstage saga about actors in thrall to omnipotent monarchs who use them as court jesters. But through the apparent conflict between Molière and Louis XIV (glitteringly played by John Carlisle) we are supposed also to see the reality of the conflict between Bulgakov himself and Stalin, a conflict which allowed the play only seven performances at the Moscow Art Theater in 1936 after a rehearsal period of more than four years.

The interest in this "Molière," underlined by an early onstage appearance by Bulgakov himself, as played by David Bradley, is therefore historic and political rather than dramatic. This is not in truth a very strong play, though it is sturdyly directed by Bill Alexander and Sher has some good moments, notably with Penelope Beaumont and Katy Beahan as his mother-and-daughter lovers. Those who need to know any more about Molière than Kean told us about Kean are advised to go back to the biographies.

And finally, to the Lyric Hammersmith (and maybe to Western Europe for a rather longer exile) has come Yuri Lyubimov, the great Soviet director of Moscow's Taganka Theater, with a version of "Crime and Punishment" that allows an all-British cast, though working through an interpreter, to achieve some of the stylized flamboyance that has been Lyubimov's trademark in the Soviet Union. Michael Pennington as Raskolnikov, Bill Paterson as his police interlocutor, Paulina Dionisioti as Katerina and Gary Waldhorn as Svidrigailov, all give memorable performances that suggest they have just been released from years of captivity in BBC classic serials and are now free to rampage through the text much after the fashion in which the Royal Shakespeare Company rampaged through "Nicholas Nickleby."

It's true that the constraints of language, a scratch company and a monthlong rehearsal period have denied us another "Nickleby," but this "Crime and Punishment" needs to be seen by all who still think of Russian theater in terms of dead seagulls.

#### Bumper Champagne Crop

United Press International

PARIS — The 1983 champagne crop is likely to be exceptionally large, although not of such high quality as last year's bumper harvest. Yves Benard, president of Moët et Chandon, said France's 15,000 champagne growers were expecting an exceptional grape crop, at least in quantity, for the second successive year.

irreducible givens, everything else has to be made smaller — the drive motor, the dual-channel audio amplifier, the built-in Dolby noise reduction system, the tape-type selector, and the complex circuitry that assures correct motor speed and minimizes flutter and wow. The latter compares the rotational speed of the tape drive with a highly accurate electronically generated standard frequency to assure accurate speed. As a result, the tiny device attains a constancy of motion that, in earlier stages of electronic design, could have been achieved only with heavy and bulky flywheels. The wafer-thin drive motor is so efficient that a single penlight battery lasts for five hours of continuous play — much longer in intermittent use. Moreover, the mechanism is so light that the entire player — with battery inserted — weighs only 6.4 ounces.

Much of this delicate metal tracery inside the little box was created by means of photographic reduction, whose optical precision exceeds the cunning of any hand. Of course, the techniques of microcircuits are not exclusive to this particular model and the size of the battery is not the only 6.4 ounces.

Sony envisions its WM-10,

launched this month and priced at \$39, as the herald of a series of ultraminiature components, including a similar model with a built-in FM tuner.

I slipped the new Walkman into my shirt pocket (no bulge in my jacket) and rode home with Schubert on the bus, remembering my first portable tape player of not so long ago. It was the size of an overnight suitcase, weighed some 20 pounds, and you could see its safety factor if the Walkman takes to the streets. However, this approach has been successful only in the sense of achieving a workable compromise between size and performance. In comparison to conventional earphones which sit atop the ears, the new model doesn't quite achieve the same sonic richness in the lower range. This may matter greatly to casual listeners or those less intent on symphonic orchestrations. Besides, anyone who wants a bit more weight in the lower reaches of the musical gamut always has the option of using the old Walkman with conventional earphones.

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I slipped the new Walkman into my shirt pocket (no bulge in my jacket) and rode home with Schubert on the bus, remembering my first portable tape player of not so long ago. It was the size of an overnight suitcase, weighed some 20 pounds, and you could see its safety factor if the Walkman takes to the streets. However, this approach has been successful only in the sense of achieving a workable compromise between size and performance. In comparison to conventional earphones which sit atop the ears, the new model doesn't quite achieve the same sonic richness in the lower range. This may matter greatly to casual listeners or those less intent on symphonic orchestrations. Besides, anyone who wants a bit more weight in the lower reaches of the musical gamut always has the option of using the old Walkman with conventional earphones.

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## INSIGHTS

**New Breed of U.S. Diplomat Learns the Trade by Acting Out Crises**

By B. Drummond Ayres Jr.

New York Times Service

**WASHINGTON** — Start with the odds. Only about one out of every 100 will make it.

Nevertheless, more than 16,000 candidates have applied for the State Department's annual Foreign Service exams, through which the nation's future diplomats are chosen. This enthusiasm demonstrates anew the powerful appeal of a diplomatic career and rebuts assertions that low pay, slow promotions, political appointments and boring bureaucratic routine are seriously eroding the prestige of representing the United States abroad.

Many of the candidates are among the nation's brightest, their resumes heavy with graduate degrees and honors citations, their hopes high for a life of travel, challenge and service as consular officers, political and economic analysts, negotiators and, hope of hopes, as full-fledged ambassadors.

But when the selection is completed in November, only about 375 of the original 16,000 aspirants will qualify as trainees, and only about 150 of these will actually enter the service. That's the way it typically works out.

The diplomacy that the successful applicants will practice differs from that performed by their predecessors of even a decade ago. While the nitty-gritty work of issuing visas, filing political and economic reports and showing the flag is much as it has always been, just about everything else in diplomacy — the issues, the logistics, the methodology — has a new twist.

More and more, one-to-one alliances have been replaced by special-interest blocs, and tit-for-tat trade agreements by overlapping global economic systems. Jet planes have accelerated the use of peripatetic special envoys, sometimes from outside the diplomatic corps. And increasing direction from the home office has rendered traditional pinstripe work and formality all but obsolete at times.

**Embassy Operations Simulated**

The training that today's appointees receive reflects these changes. No longer do trainees learn the rudiments of diplomacy simply by sitting through lecture after static lecture. Instead, they attend modernized courses at the Foreign Service Institute in Rosslyn, Virginia, just across the Potomac River from the main State Department building, where they acquire workaday skills by simulating embassy operations in underdeveloped, affluent and openly hostile countries. The emphasis these days is more on how to protect yourself from terrorists than on worrying about knowing which fork to use.

To keep up with all of this change, the composition of the U.S. Foreign Service is also changing, with the State Department actively striving to rid the service of its clubby, establishmentarian, all-white, all-male image. The effort seems to be succeeding. About one of every three trainees these days is a woman, and about one of every 10 is black. And more of today's young diplomats are drawn from top-notch state universities instead of ivy-entwined Eastern colleges, once the main source of supply.

There is still an old-boy network within the State Department, but it is now based more on friendships made in the service than on those made at some upper-crust university or mahogany-paneled men's club.

But the Foreign Service exam, that legendary hurdle which tests intellectual mettle and social intercourse, has not changed. If anything, it is getting tougher.

"There just isn't anything quite like it," said A. David Miller of Minneapolis, a recent trainee who now serves in Calgary, Canada. "I know people who have taken all the other exams, from college entrance to national scholar to grad school, law, medicine — you name it — and none of those are in the same league."

Of the 16,229 candidates who took the four-hour written test last December, only 2,587 passed. And that was just the start of the weeding-out process. Of those 2,587, more than 2,000 are expected to flunk the daylong oral assessment exams that will be given through November at various points around the country.

Of the 500 or so candidates who survive the orals, at least 125 will be eliminated by medical and security checks or, more likely, will be lured away by international corporations during the drawn-out selection process, which can include several months of waiting before one is admitted to the training courses, given only six times a year to groups of about 30 people at a time. "We simply produce the number of people we need any given year," explained Frontis Wiggins, the veteran Foreign Service officer who runs the examination process from the Rosslyn institute.

"You've got to be willing to stick it out," he said. "In many ways, joining the Foreign Service is one of the most difficult employment challenges in the country."

**Broad Knowledge Required**

Is it possible to cram for the Foreign Service written exam? "No," said Mr. Wiggins. "It's a test of what you've learned in life so far. The best preparation is to read widely and possess a good general education and some work experience, such as the military or the Peace Corps."

The exams are designed to measure a candidate's knowledge and understanding of government, geography, international relations, the arts, science, literature, politics and philosophy.

Certain segments test writing ability, a key requirement in a business heavily dependent on reports from the field. Others determine what general abilities a candidate brings to the various fields in which Foreign Service officers specialize: consular work, administration, and economic or political analysis.

A candidate's score in a particular area can determine whether he or she is assigned to that field of work — a "cone" in State Department parlance — for the better part of a career. A large number will end up in the consular cone, where many will find that stamping foreigners' visas and listening to the complaints of disengaged American travelers can be a dispiriting grind. "We don't warn them adequately about this," one State Department official admitted privately.

Applicants from colleges that specialize in foreign affairs tend to do well on the exams, but not significantly better than graduates from schools that have top-rated departments in political science, history and literature. Allan E. Goodman, an associate dean of the School of Foreign Service at Georgetown University in Washington, conceded the point. But, he added, "It doesn't bother us all that much, because the Foreign Service is only a small part of the pie these days. More and more of our graduates are drawing into the business world, where they perceive greater opportunities and better pay."

**Quality Is a Concern**

The official State Department line holds that the rigorous examination process virtually guarantees quality, and there is considerable evidence to support that assertion. More than half of the Foreign Service Institute's recent graduates have master's degrees. One in 10 is a lawyer. One of every 20 holds a doctorate. Almost half possess acceptable skills in at least one foreign language. And now that the age limit for entering the service has been raised to 60 from an earlier ceiling of 31 — the current average age — many also have outside work experience.

Yet there is concern. "I don't doubt that we're getting plenty of people out of the top 10 percent in America," one State Department personnel specialist said. "But I worry that we're not getting enough from the top 2 percent or 3 percent, the place where you find the budding geniuses, the next statement."

Richard Gardner, a former U.S. ambassador to Italy, agreed. He recalled a recent, disturbing meeting with 30 "exceptional" young men and women working with several leading New York City law firms that have a particular interest in international affairs. "About half of them," Gardner reported, "said they would have chosen a Foreign Service career had they not been deterred by the low salary scale, the triviality of much of the work given to young officers, the excessive number of unqualified political appointments to ambassadorial positions and the failure of the department to develop a fast-track promotion system and other rewards for exceptional talent. We won't be attracting enough of the 'stars' in the new generation until something is done about these problems."

But Frontis Wiggins disagreed. "When you look at the grades, the degrees and the experience of the people we're now getting, you can't seriously argue that we're not getting what we need at 24 percent, as a personal background."

**Embassies Losing Status**

The Foreign Service has 3,850 officers, some assigned to the State Department in Washington, but most serving in 234 embassies and consulates scattered in 133 countries around the globe.

With world leaders now routinely using communications satellites and special emissaries to conduct diplomacy, embassies are sometimes reduced to the status of glorified message centers, their diplomats transformed into frustrated supernumeraries. And as domestic and foreign interests, particularly economic matters, have become more and more intertwined, other government agencies have begun to usurp some traditional Foreign Service roles. Most embassies now contain more commerce, agriculture, military, intelligence and information specialists than Foreign Service officers. What ranks career diplomats even more is that these specialists often move up the promotion ladder more rapidly, with many reaching the top posts in their agencies a full decade ahead of their diplomatic colleagues.

"Just tell us what you know," Richard H. Williams instructed a group of a dozen well-scrubbed, white-knuckled candidates waiting to take the exam one morning at the Rosslyn testing center.

A few minutes later, Candidate A, a woman in her early 20s, was summoned before the tribunal. In the interest of impartiality, letters are often assigned, although the candidates' names, but never their scholastic, job or personal backgrounds, are sometimes known to the examining panel.

"Tell us what you know," the woman was asked, "what are some of the areas of agreement and disagreement between the U.S. and the U.S.S.R.?"

After swallowing hard and coughing nervously, she began: "Well I've spent some time in the Soviet Union and as far as agreements are concerned, well, I don't think they're really very many and well you know, the Americans feel that the Soviets have the advantage right now and the Soviets are pushing and always feel they have to catch up."

She paused. Her inquisitors remained silent, wanting to see how she would handle herself. Finally, she resumed: "I don't think Andropov is going to compromise on anything, because he's just in power and he wants to show the Russians that he's strong." She continued along general lines for several minutes but never fully addressed the question.

She did better on the second query: "What are the main domestic problems facing the U.S. today? Discuss one of them in detail."

"Obviously," she began confidently, "the economy is our main problem. The problem was created by inflation, brought on by bad budgetary practices, and by a falloff in productivity, a

young diplomat can, and do, of course, leave at any time to join large international firms where even entry-level salaries are often half again as high as the Foreign Service starting range of \$15,700 to \$25,500, depending on such factors as job experience and educational background. Big business is also more settled, generally less nomadic and more given to the predictable, the logical. Certainly it is safer, as the recent bombing of the U.S. Embassy in Beirut sadly demonstrated, and now more names have been added to the bronze memorial wall in the Third World as a consular officer if I could help more people that want to."

Judith Cefkin, a 30-year-old Coloradan now at the U.S. Embassy in Mexico City, said that when a Foreign Service officer is at last poised for an appointment as an ambassador or an assistant secretary of state, some presidential appointee with questionable diplomatic credentials is likely to snatch away the rank assignment. The Reagan administration ranks close to the top of the historical range of political appointments, with a 41 percent rating, the average since 1946 being 36 percent. Jimmy Carter had a 27 percent rating and John F. Kennedy a 42 percent.

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# COMMODITIES

A SPECIAL REPORT

WEDNESDAY, SEPTEMBER 21, 1983

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Raw materials and finished products from Hershey Foods, left; at right: a Latin American coffee sorting plant.

## High Growth, New Technology Lead Toward Global Markets

By Sharon W. Walsh

WASHINGTON — World commodities markets had no problem maintaining their separate identities in the past. From the raucous energy of the Chicago exchanges to the comparative gentility of those in London, their personalities have been as different as their trading rules and contracts.

But in the last year, while the markets have kept their distinct personalities, they have moved closer to becoming world markets by forming technological links with one another and trying to devise compatible contracts.

The incentive for these links was provided in part by the tremendous growth the markets experienced. In the first seven months of 1983, the total number of futures contracts traded in the United States alone was more than 79 million, or nearly 30 percent more than in the same period a year ago, according to the Futures Industry Association, the trade association for traders and brokers in the United States.

In the new world of options trading, which allows the holder to buy or sell a specific quantity of a commodity at a set price and time, 1.2 million contracts changed hands. On the fledgling London International Financial Futures Exchange (LIFFE), the millionth contract was traded in August, only 10 months after the exchange opened.

As a direct result of this growth, "one of the most exciting things to happen in the last five years" in commodities happened, according to Leo Melamed, special counsel to the Chicago Mercantile Exchange and a leader in establishing financial and foreign currency futures markets. The Chicago Mercantile Exchange and the Singapore Gold Exchange agreed, in principle, to establish in Singapore a financial futures exchange. The exchange would allow trading of contracts identical to the Chicago exchange's gold, silver and crude oil contracts.

Besides connecting world markets, the agreement is one more step toward establishing around-the-clock commodities trading. If the link is successful — and Mr. Melamed expects approval of the agreement from the Commodity Futures Trading Commission by the end of the year and the start-up of trading by the spring of 1984 — the Chicago exchange will try for a similar deal with LIFFE in London, Mr. Melamed said.

The accord between the Chicago and Singapore exchanges has the advantage of allowing traders for the first time to initiate trades on one side of the world and to offset them on the other without waiting for the next trading day.

It is an advantage that has not been overlooked by other exchanges in the competition for investors. Hong Kong, which has been competing with Singapore for its own financial futures market, has been investigating a joint agreement with LIFFE or other established exchanges. And the New York Commodity Exchange, COMEX, has created a panel to look at lengthening its trading hours in gold bullion futures, now 9:25 A.M. to 2:30 P.M. Eastern Standard Time (14:25 GMT to 19:30 GMT), by adding an 8 p.m. to midnight Eastern Standard Time trading session in response to the Chicago-Singapore deal.

Still, Mr. Melamed said that the markets are a long way from internationalization of commodities trading, perhaps as much as five years away.

David Yerex, a commodities attorney with Cahill, Gordon and Reindel in New York, said: "Internationalization was not really an event of the past year.

There has been the promise of internationalization. But the present discussions are, for the most part, just discussion."

One expected step toward drawing the markets together that did not come to fruition this year was the start-up of the International Futures Exchange, or Intex. The first all-computerized exchange, Intex was to have opened in the spring of 1982. The opening was postponed until September of this year, then the Bermuda-based exchange delayed its opening again.

Eugene M. Grummer, the exchange's president, recently said that he could not specify a start-up date for the new exchange.

In early September, Mr. Grummer said that he was negotiating with a publicly held corporation to help manage and to provide an infusion of venture capital for Intex. The exchange reportedly ran up against financial difficulties when additional software was needed for the complex computer system that would offer instantaneous execution and confirmation of trades from all over the world.

Mr. Grummer said that when Intex opens, first with gold futures, then with U.S. Treasury bond trading, it will provide a necessary marketplace for international trades. The advantages to be gained from such a market include trading hours that are 25-percent longer than now available to traders, an international marketplace, the immediate confirmation of trades and the tax-exempt status of offshore trading.

The growth of commodities trading necessitates such an exchange. "Producing and consuming nations are learning to use markets as hedging devices. And as that growth comes, a portion of trades must be handled by electronic capabilities," he said. "Eventually, our machines will be accessible worldwide for traders whenever markets are open."

With the Chicago-Singapore proposal, that could be 24 hours a day by next spring.

As technology, longer trading hours and agreements for common contracts brought world commodities markets closer over the last year, there also were factors at work bringing the commodities and securities markets closer.

The incredible surge in U.S. securities markets volume created the need for new instruments to allow investors in the stock market to hedge their holdings. The commodities markets offered such instruments in the form of stock index futures and stock index options. Previously, an investor could hedge his stock holdings only by buying stock options on individual companies. However, the new index futures are based on a basket of companies and allow investors to protect their portfolios against any instability in the securities markets.

Mr. Melamed called the events that gave rise to the popular stock index contracts "clearly a most significant event in the commodities markets." Yet, he pointed out, the indexes are just beginning to be accepted as futures markets vehicles.

As commodities exchanges raced to offer contracts based on new stock indices, they became new competition for the securities markets. The securities markets, recognizing the importance of the competition, also wanted to be able to offer investors these new vehicles.

In two separate agreements, securities and commodity exchanges granted their members access to each other's markets in index options and futures. The first pact was forged by the Chicago Board Options Exchange, which trades options based on securities,

(Continued on Page 11S)

## New London Exchange Will Alter Crude Oil Scene

By Patrick Donovan

LONDON — The trading in crude oil futures on London's International Petroleum Exchange, due to begin in November, is likely to make a considerable impact on the world of crude trading.

Not only will this establish London as the only crude futures trading center outside the United States, but the move also promises to jolt new life into its recently formed rivals in New York and Chicago.

The New York Mercantile Exchange and the Chicago Board of Trade both opened up for crude futures trading in March of this year, and the International Petroleum Exchange will be joining them in this untried and untested market.

While all three energy markets have dealt with heating oil futures, traders have been wary of investing in forward crude buying.

On the surface it is hard to understand why. The constant uncertainty of the spot oil price and the continued infighting within the Organization of Petroleum Exporting Countries make energy price predictions a chancy business. The futures market, by contrast, offers traders an oasis of security by allowing them to hedge their risks buying and selling deliveries at a previously agreed price.

At the same time, the opportunities for forward crude buying until now have been confined to the United States and form only a small part of a larger market. If the natural wariness of the international oil industry — oil traders, oil company management, buyers and so on — is considered, it is easy to see why both the New York and Chicago exchanges have enjoyed but modest success so far.

The International Petroleum Exchange could change all this. Not only would the new London exchange form the natural outlet for North Sea crude, but the exchange's management is also keen on seeking to "internationalize" the oil futures market by dovetailing its own operation with those in the United States.

The oil effect could stimulate activity in all three markets by making crude trading more attractive to those seeking a wide international market for crude purchases.

Peter Wildblood, secretary of the IPE, said that the three markets will complement one another as the London and U.S. centers will operate in different time zones. "This will have the effect of broadening the opportunities for industry," he said.

On the other side of the Atlantic Ocean, Mary Lee Fox, marketing director for the New York Mercantile Exchange, agreed: "The arbitrage possibilities between the two markets are beautiful. There are no elements of competition between the two markets," she said.

The London contract will deal in U.S. dollars and units will be for 1,000 barrels with sweet North Sea Brent as the market crude. There also will be an alternative sour crude option for Far East delivery, further extending the scope of the London exchange in the international oil market.

IPE management and members talk of extending operations into other crude markets and have been closely studying the Far East. Daniel Carr, director of the London-based Premier Man Ltd., a major oil futures brokerage company, said that the Singapore government is keen on establishing an energy market and "IPE might expand to Singapore if crude trading in London goes very well to sell in sour crude which is more demand in the East." Mr. Carr said, however, that the question was "very hypothetical."

Whether the London market generates this kind of success remains to be seen. Both the New York and Chicago exchanges remain confident of oil futures ultimate success, although their current record is perhaps less buoyant than had been expected.

The U.S. contracts are based on lots of 1,000 barrels of West Texas sweet crude, with some variations in specifications. Analysts expect some growth in the markets although, in general, expansion is anticipated to be "steady but unspectacular."

One noticeable trend has been that the New York Mercantile Exchange is doing markedly better than the Chicago Board of Trade. Since the March opening, New York has seen a daily activity of around 600 to 1,000 lots, while the CBOT is averaging around half that level at 400.

The United States continues to have the lead in another important area of oil futures: gasoline.

The NYMEX started trading in leaded gasoline contracts in October 1981; CBOT broke into the field in December 1982. Market activity continues to be fairly lively with New York turning around 1,000 lots a day and with Chicago lagging well behind, 200 to 300 lots.

London's International Petroleum Exchange already has a gasoline contract written up and hopes to launch it over the coming year. An exchange spokesman would not give a definite date because, he said, the IPE wants to bring through its crude contract successfully before launching out into other areas. "It will almost certainly be our next market," Mr. Wildblood said, adding that the exchange also is looking at other areas of energy futures, such as the coal market.

For all three centers, however, gas oil, or No. 2 heating oil as it is called in the United States, continues to be the No. 1 staple trade for these young markets.

The New York and London exchanges have emerged as the contenders, while gas oil activity has slumped on the Chicago exchange. First opened in 1978, the NYMEX now is averaging a daily rate of 7,000 to 8,000 lots, or about three times the level of trade on the IPE, which opened its doors for gas oil trade in April 1981.

While considerably more established than crude and gasoline trading, however, gas oil lacks a significant level of oil company support, according to a recent market study on the IPE.

Joe Roebel and Associates, an oil consulting firm based in London, reckon that about 80 percent of the business on the IPE comes from traders and only 2 percent of the deals from refiners.

Another interesting trend uncovered by the study, which also could be a pointer to the likely development in the London exchange's forthcoming crude contract, is that the exchange's U.K.-based trade is declining in favor of contracts with the United States. During the first year of gas-oil trading, trade with U.S. sources more than doubled from 4 percent to 10 percent of total activity.

## Stock Index Futures Catch Fire Amid U.S. Bull Market

By Sharon W. Walsh and Randall E. Moore

WASHINGTON — With a major assist from a record-setting bull market in U.S. securities, stock index futures caught fire during the last year, becoming the hottest and fastest-growing commodity contract ever traded.

Although introduced in February 1982, trading did not take off until the summer of 1982, when U.S. securities shook off a decade of doldrums and soared to record-setting levels. Since then, these innovative contracts have come to account for about 10 percent of total activity in U.S. commodity markets, in markets long dominated by agricultural interests, the Chicago Mercantile Exchange's Standard & Poor's 500 Index now leads all other contracts in trading volume.

Even compared with the rejuvenated securities markets, trading volume in stock index futures is impressive, with the underlying value of such contracts regularly exceeding \$5 billion a day.

The contracts are broad measures of securities market performance based on a basket of underlying securities and compiled by Value Line, Standard & Poor's and various exchanges. Each contract represents an obligation to buy or sell a hypothetical portfolio of all the stocks covered by an index at a given price and date. Because some of the indexes on which the futures contracts are based consist of more than 1,000 stocks, actual delivery is in cash, however.

Regulatory acceptance of cash delivery made stock index futures possible. Traditionally, futures contracts required delivery of the underlying commodity. It would have been virtually impossible, however, for investors actually to purchase the 1,700 stocks represented in Kansas City's Value Line contract to make delivery.

"Cash settlement, rather than delivery in kind, opened the door to things that were never before possible," said Leo Melamed, special counsel to the Chicago Mercantile Exchange and chairman of the Delsher Investment Co. "It is the big breakthrough of this era."

Introduced in Kansas City, stock index futures now are traded in Chicago and New York City as well. Regulators have approved 16 such contracts. Others, covering only the stocks of specific industries, such as computer stocks and energy stocks, await approval.

Hoping to duplicate the success of U.S. exchanges, officials in Asia and Europe are considering the introduction of such instruments on their exchanges.

Despite phenomenal success already, brokers generally believe that the market for stock index futures is largely untapped. Of the 32 million Americans who own stock, only a small percentage have taken the plunge into these new investment vehicles. A potentially even greater market, the large institutional investors who dominate securities markets, have just begun to use stock index futures.

Portfolio managers are beginning to put these instruments to use, according to Mr. Melamed. "Actual use of stock index futures is still in the very formative stages," he said.

What is the attraction of these instruments? For the individual investor, it is the ability to play the stock market without owning a single share of stock. As a result, the speculator who believes that the overall trend of the market is upward but who does not feel confident in selecting individual stocks, can participate in the market's gains. Commissions charged by brokers are less in futures than in stocks.

Perhaps the biggest attraction is the highly leveraged nature of futures. To buy or sell a stock, an investor must put up a minimum margin equal to 50 percent of the stock's value, far more than the 7 to 8 percent required for a stock index futures contract. Such high leverage can



A Brazilian agriculture workers sprays a coffee plantation.

## Singapore-Chicago Link: First Step Toward 24-Hour Trading

By Laurie Cohen

brought the agency's staff on the link. After its scheduled opening in the second quarter of 1984, the Singapore market is slated to trade futures on gold, a Eurodollar instrument and possibly Japanese yen.

The Chicago-Singapore plan is revolutionary because it calls for "mutual office" between the Mercantile Exchange and a reconstituted Singapore exchange. That means that a trader could establish a position in Chicago and take it off in Singapore, or vice versa.

A growing number of U.S. brokers are offering 24-hour futures trading services, but these are largely aimed at professional traders and employ foreign dealer markets rather than futures markets. "This will be more attractive because you will not be going back and forth from futures to physicals," said Arthur Hahn, president of Chicago-based Rouse Woodstock Inc., a subsidiary of Mercantile House Holdings of London.

The close connection to be set up between Chicago and Singapore prompted the Mercantile Exchange to require more stringent regulations than those previously mandated by the Monetary Authority of Singapore.

"If a major firm of theirs were to fail, there will be a common bond," said Leo Melamed, special counsel to the Mercantile Exchange. "What if the firm could not care for the loss and had positions over here? It would obligate the Merc to fund the loss."

To prevent this, the Chicago exchange required that financial obligations for Singapore clearing members be comparable to those for Chicago clearing members and that customer funds be segregated, or held in a

separate bank account from the trading firm's own funds.

Other regulatory issues are certain to emerge. "There are considerations relating to what kinds of protection people in this country executing trades via the linkage have" under U.S. commodities laws, said Susan Hillis, acting chairman of the Commodities Futures Trading Commission.

It is unclear, for example, what recourse, if any, under U.S. law a U.S. customer who is unsatisfied with a trade executed in Singapore would have. Last year, the U.S. Congress said that the Commodities Futures Trading Commission could regulate the domestic sale of foreign futures contracts, but the scope of this power has not been determined.

If the link succeeds in expanding the amount of Far Eastern business flowing to Chicago, it could heighten the controversy over disclosure of trading positions by foreign market participants. After the 1980 silver market debacle, the regulatory commission adopted rules that allow the agency to order brokers to turn over the desired material, but they have not been tested.

"The basis for our regulatory concern would be how what happened in Singapore might affect the trading and the integrity of the Mercantile Exchange itself," said Ted Urban, deputy director of the CFTC's trading and markets division. "If it is structured right . . . I do not see any insurmountable problems."

Chicago Mercantile Exchange officials believe that their biggest problem will be attracting sufficient business. "It is the same kind of challenge if one wanted to

start a new exchange in Denver," Mr. Melamed said.

Exchange officials emphasize that they will have to wait five years to see the results of their investment, which will amount to \$1 million by the time the Singapore market opens. "We do not see Singapore leading to major increases in our trading volume any time soon," said Clayton Yeutter, president of the Chicago Mercantile Exchange.

Rival exchanges profess skepticism. "Where is the floor trading community going to come from? Are Chicago traders going to trade there during those hours?" asked Alan Brody, president of the Commodity Exchange, or COMEX, in New York.

Still, the COMEX is one of several exchanges that have been talking to overseas markets. As an alternative, the New York exchange also is studying the feasibility of substantially expanding its own trading hours, an option that both the Mercantile Exchange and Chicago Board of Trade have apparently rejected on the grounds that it would be too hard to staff an all-night operation.

The New York Mercantile Exchange, the main energy market in the United States, has discussed the possibility of a mutual offset arrangement with London's International Petroleum Exchange, although nothing firm has developed. "I am quite interested to see what materializes" between Chicago and Singapore, Mr. Trebil said.

Meanwhile, the Chicago Mercantile Exchange is looking to the London International Financial Futures Exchange as its next logical partner on the road to 24-hour trading.

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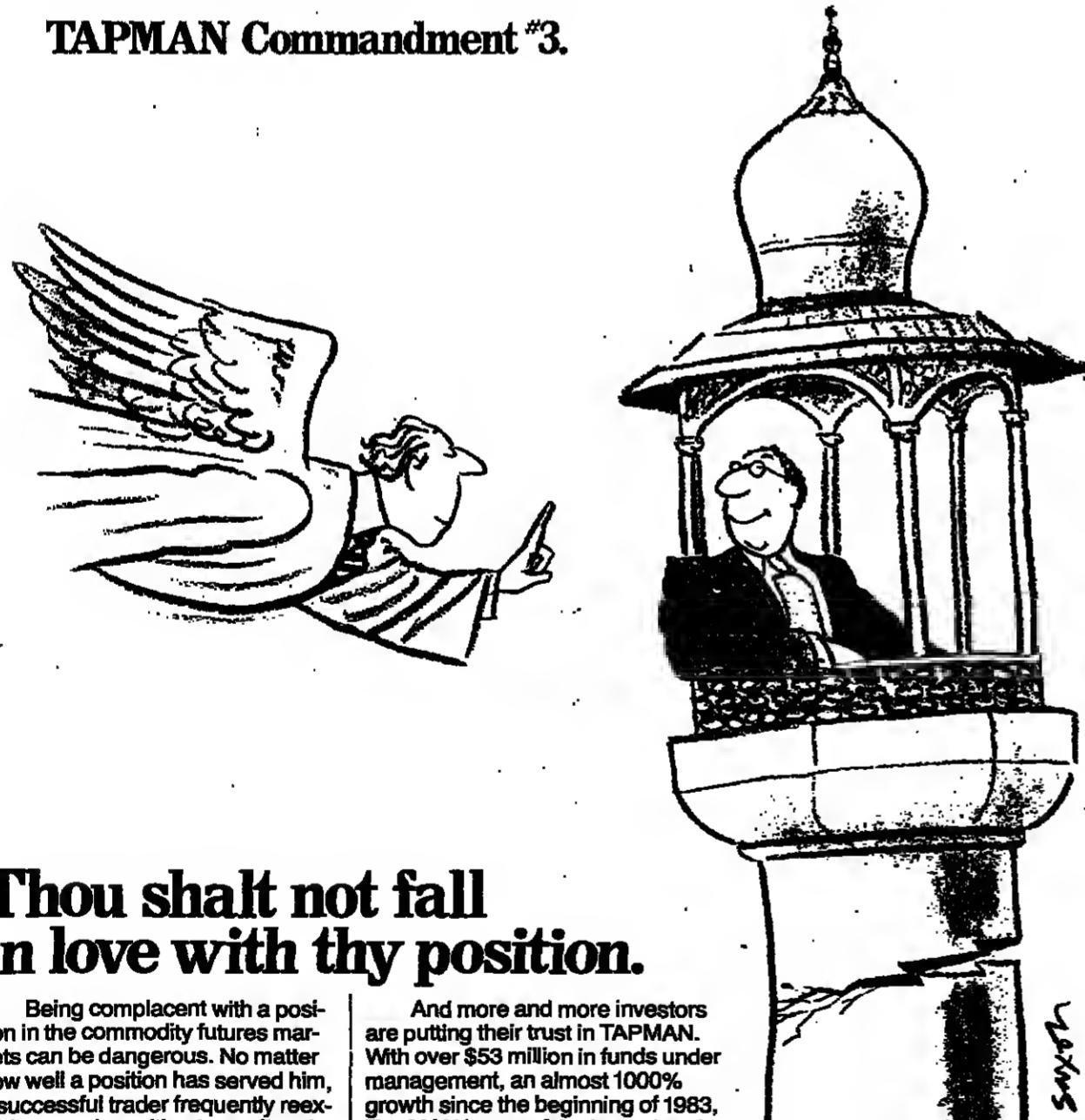
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## COMMODITIES

### Sugar, Cocoa Prices Volatile While Coffee Remains Stable

By James J. Bowe

NEW YORK — The coffee, sugar and cocoa markets have been affected by a number of different supply and demand forces during 1983. While coffee prices were relatively stable due to International Coffee Organization efforts, sugar and cocoa prices moved substantially during the year. And the outlook for the future is far from stable as new factors that may impact upon prices continuously arise and the relationship between the world production and stocks of these three important commodities continues to change.

In the beginning of 1983, prospects for an active sugar market were dim as there was considerable sugar stockpiled in excess of world demand; prospects for another

year of excess production were considered bright by the majority of the trade. As a result, spot prices traded, in what is considered by many in the trade to be a fairly narrow range between 6 and 7 cents — although the range from high to low represented more than a 16-percent change in value of the contract — for the first quarter of 1983.

In early April, we saw projections of a possible balance in global production and consumption for the 1983-1984 sugar crop year. Later in the month, specific reports of weather difficulties in Cuba, Europe and South Africa caused prices to go higher. By late May, the spot price for the No. 11 Contract exceeded 13 cents a pound, nearly double the price at the end of March.

The 1982-1983 crop year will show the first deficit in cocoa production since 1976-1977, when prices peaked in excess of \$5,000 per ton. In a year where the majority of agricultural commodity prices has been fairly stable, the movement in the cocoa market has attracted a significant degree of interest. Open interest in the cocoa futures market shows how speculative capital is attracted to meet the needs of hedgers who wish to avoid risk. It truly shows the effectiveness of a futures market in enabling commercial firms seeking to avoid potential problems, which could be caused by highly volatile price movements, to find investors wishing to profit from their perception on the direction of prices.

The coffee market has been the least volatile of the three soft commodities as the effectiveness of the International Coffee Agreement has been proven. The market has traded in a range between \$1.20 and \$1.40 for the first eight months of 1983, consistent with the objectives of the agreement. Volume in exchange activity in New York also has reflected the price variability as trading has been fairly quiet and open interest stands at 9,351 contracts.

While some traders have expressed the hope that there will be a new International Sugar Agreement to set more clearly the trends for world prices, no one can say for sure whether such an accord can be reached and sustained. While estimates appear to indicate a situation close to balanced supply and demand this year for sugar, reports also indicate that European beet plantings may be lower, which could cause a shortfall in 1984. If prices were to increase in the near term, we could see the elimination of the U.S. quota program, which would enable sugar to move more freely throughout the world.

The cocoa situation remains in doubt as no one has really been able to exactly define the long-term implications of this year's weather problems early in 1983, with

Cocoa market price activity also has been dramatic for the first eight months of 1983, as we have seen the price range from less than \$1,600 per ton in January to more than \$2,400 in August. Cocoa is another market beset by supply-side influences. The world's largest producing country, the Ivory Coast, experienced significant weather problems early in 1983, with

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## 1983 Is Another Boom Year in Farm Futures; Volume Soars

By Jerome Idaszak

CHICAGO — Just about everyone connected to U.S. farms began 1983 worried about the huge grain surpluses that had filled bins and elevators for two years. The U.S. government devised a program called PIK, for payment in kind, to pay farmers with crops in exchange for letting acreage lie fallow. Even as planting began, no one knew that the summer would bring so severe a drought as to invite comparisons to the Dust Bowl era of the 1930s.

Prices have soared. Soybeans, below \$5 a bushel in late 1982, went through the \$8 mark, then past \$9 on the way to \$10 as the hot, dry weather lingered. Corn prices crept toward \$4 a bushel, up more than 50 percent in one year.

In the futures business, the spotlight shifted, too. Last year, 1982, was called the year of the stock index contract as exchanges in Kansas City, then Chicago and New York introduced the newest items buying and selling contracts based on the rise and fall of decimal points of an index, with payment in cash.

But, 1983 was again a year for farm futures. Trading in futures on corn, soybeans, soybean oil and meal in July alone pushed volume at the Chicago Board of Trade up almost 48 percent above the same month the year before. And the boom quickly translated into a rise in membership prices at the Chicago board to a record of \$335,000 in August, topping the previous mark set in October 1980, when grain prices jumped after a drought.

"This won't slow the trend toward financial futures," said Thomas Cunningham, chairman of the Chicago Board of Trade, whose biggest contract is based on U.S. long-term Treasury bonds. "But unquestionably, [agricultural] volume will be strong

again in 1984. This [the heavy trading] should continue at least into July next year, when people can get a handle on the new [corn and soybean] crop."

Yet, while the drought remained a constant topic across the midwestern United States during the summer, the reduced corn and soybean crops were not creating a shortage. Even with 40 percent of farmland idle due to the PIK program and with the drought, the expected corn harvest of about 4.35 billion bushels would be added to a 3.5 billion bushel carryover from previous years. Farm economists said the total would create a "normal" situation going into the 1984 season.

Some economists and traders even think 1984 might bring a return of recent years. Dennis Steadman, an agricultural economist with the suburban Philadelphia firm of Chase Econometrics, said farmers might see the high prices this year and the falling surpluses and go "all on" with their planting in 1984. Good weather, Mr. Steadman said, could then put the U.S. crop numbers about where they were before the 1983 drought.

Economists and traders alike agreed that the strong U.S. dollar was a factor causing some European and other foreign users to seek substitutes or to cut back usage. Indeed, when asked what conditions might cause soybean futures to break their record of \$12.90 a bushel set at the Chicago Board of Trade on June 5, 1973, Mark Gold, a trader in Chicago, said it would require "hot weather the first half of August, a frost before Sept. 10 and a cheaper dollar during 1983."

While corn and soybean prices soared, wheat prices remained low due to the continuing surplus in that commodity. Meat prices also remained low and were headed lower for a while. The high price of corn, while "a tremendous shot in the arm in terms of cash flow

for the grain center, is going to be a tremendous hardship for livestock producers," Mr. Steadman said. The grains, used to feed animals, caused higher expenses for producers of cattle, hogs and poultry.

The slump in meat prices spilled into the future arena. The Chicago Mercantile Exchange in midsummer saw volume from 1 to 7 percent lower in futures on cattle and hogs.

"The speculators have moved into grains. It's a bull market there, which attracts your inexperienced speculator," said John F. Sandner, a former chairman of the Chicago Mercantile Exchange and a trader in cattle futures.

But the downturn in meat, economists said, would bring about a short supply probably in the spring of 1984, as producers unwilling or unable to pay high prices for feed in 1983, send their animals to slaughter and have smaller herds next year.

"Cattle, along with foreign currencies, are the two big bull markets in futures that I see coming soon," Mr. Sandner said.

While economists and traders offered some guesses about food prices and futures in the coming year, there was one area that required little guesswork: options on agricultural futures will be launched, probably by the fall of 1984.

The Commodity Futures Trading Commission, the U.S. agency that regulates trading on futures exchanges, has been discussing details of an options plan for agriculture. It would follow a pilot program that has been going for a year under which each exchange can trade one option based on a financial future.

"Options provide a limited risk," said Kalo Hineyman, a commission member. "You buy 'put' option [which carries the right to sell], and you can walk away if the price soars. And you have a floor if prices fall."

There is a predictability about the cost fix options that should appeal to a lot of producers and their lenders."

"Options have terrific speculative potential, and opportunity for commercial users of soy products," said Mr. Cunningham. "The guy with an inventory that lies dormant in his elevator is making no money. Allowing someone to buy an option on his inventory, he is able to make money."

However, some economists and traders are cautious about the potential of options. Walter Vernon, chief executive of the Kansas City Board of Trade said: "Some farmers think options are a good thing, but the big grain firms aren't so sure."

He added that futures brokers have been slow to learn about options, which trade differently than futures and which have different tax treatment.

"I think futures are simpler to understand," Mr. Vernon said. "But, at Kansas City, we have an open mind. We're developing a wheat options contract."

The Chicago Mercantile Exchange expects the Commodity Futures Trading Commission to allow two options, and the Chicago exchange is thinking about options on cattle and hog futures.

"I don't see it resulting in any gigantic volume in the short-run," said Clayton Yeutter, president of the Chicago Mercantile Exchange. "It's a long-term investment on the part of the exchanges and the brokerage community."

"It's something comparable to financial instruments where it took five or six years to get to significant numbers," Mr. Yeutter added. "But I see it as a major volume producer five years from now, or 10 years from now with some options doing as much volume as futures, or more."

## Merger Discussed as Regulatory Agencies Overlap

CHICAGO — As the traditional differences between commodities and securities markets become blurred, the areas overseen by the Commodity Futures Trading Commission and the Securities and Exchange Commission, the respective regulatory agencies in the United States, will overlap more and more. One result: ongoing discussion

about a possible merger between the two agencies.

The introduction of futures trading in Treasury bills and bonds, other financial instruments, foreign exchange and, more recently, stock index futures and options, already has all but eliminated the distinctions between the markets. And other futures and equities markets link up. Like the recent announced plan by the Chicago Board of Trade and the American Stock Exchange to give access to each other's stock index futures and options

markets, the existing regulatory lines will be further erased. A merger of the two agencies would have a sweeping impact, and not just on the staffs. It would affect who could trade, how much money would be required for a person to trade, and whether and how brokers are tested and registered.

Susan Phillips, the chairwoman of the Commodity Futures Trading Commission, told an audience of futures officials in late summer that some members of the Securities and Exchange Commission "have put out tender offers" to acquire the commission.

"It's dormant, but it's not dead," noted Clayton Yeutter, president of the Chicago Mercantile Exchange, referring to the possibility of a merger.

The Securities and Exchange Commission, formed in the 1930s, has achieved a solid place in the regulatory landscape of the U.S. government. The Commodity Futures Trading Commission, in contrast, was created less than 10 years ago as a more powerful successor to the Commodity Exchange Authority, a small-staffed unit that worked out of the basement of the U.S. Agriculture Department.

In its early years, the CFTC was criticized for sloppy enforcement — for being publicly humiliated in some cases and for largely ignoring a growing industry.

It was during this time that futures exchanges began their expansion beyond grains and livestock into financial products: foreign currencies, U.S. Treasury bills and bonds. And, as a result, the ex-

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changes and their regulatory agencies began the continuing fight over financial territory.

It reached a point of near explosion when the Chicago Board Options Exchange won approval from the Securities and Exchange Commission to trade options on an interest rate contract tied to the housing industry. But the Chicago Board of Trade already was trading futures based on the same thing. The CBOT filed a lawsuit against the SEC.

The dispute sparked speculation that the U.S. Congress would merge the CFTC into the older, more respected SEC. It might have happened, but for two things: a strong effort by futures industry leaders and the election of a deregulation-minded president, Ronald Reagan.

The Reagan forces were not the kind who wanted a new "super-agency." In addition, President Reagan appointed new chairmen of both the CFTC and the SEC. A half dozen meetings in 1981 between the commissions' heads led to a major agreement dividing up jurisdiction on new financial products.

That agreement cut short the talk about a merger. Then, in 1982, Congress held hearings on the CFTC and extended its existence for four more years.

"I don't see it as a major issue for the near term," said Robert K. Wilhouth, president of the National Futures Association, a newly created industry self-regulatory organization.

Mr. Wilhouth, who is a former president of the Chicago Board of Trade, said that "Congress sent a pretty clear message" during the 1982 hearings on the CFTC that the futures industry was involved in risk insurance on commodities, while the securities business dealt with capital formation. "The functions are different," he Wilhouth said.

"I think right now I feel more sanguine about an independent CFTC because people realize more and more the differences in the regulatory systems," said John V. Gaine, former general counsel with the CFTC and a partner in the Washington law firm of Alston & Bird.

"The history of futures trading is rooted in economic considerations — the product, whether soybeans or interest rates or gold, shifts risk.

A task force led by Vice President George Bush is studying whether to consolidate regulatory agencies. But Mr. Wilhouth thinks that the group "will shy away" from the topic of a merger.

Those people who favor a merger can make a case that "many of the products [futures and options] are functionally equivalent," said Thomas A. Russo, a partner with the New York law firm of Cadwalader, Wickersham & Taft. Mr. Russo has worked for both sides, with clients including the Philadelphia Stock Exchange and the Commodity Exchange of New York, as well as futures traders and securities firms.

"But," he added, "politically, it would be very difficult to have a merger. And there are numerous products that are dissimilar."

Other people involved, like Philip M. Johnson, former chairman of the CFTC, disagreed with Mr. Russo so that, even in theory, a case can

be made for one agency. Mr. Johnson worked out the jurisdictional agreement with his SEC counterpart, John S. Shad.

One agency might make regulation worse because "bits and pieces from the various existing regulatory programs might be forged together into a new crazy quilt pattern, creating confusion and disrupting established business patterns," Mr. Johnson said.

Mr. Johnson's successor at the CFTC, Susan Phillips, said that a merger "might be workable, depending on how it's structured." But she added that a merger would not provide any savings for the brokerage industry or the federal budget. And, she said both agencies have been cooperating and could work together in new areas, thus dampening talk of a merger.

Perhaps the biggest force, however, that is at work to prevent a merger simply is the growth of futures trading. Just under four million contracts were traded in 1980. That exploded to about 112 million in 1982. And 1983 is running about 30 percent ahead of last year. Regulating that growth is a major task.

But one futures industry leader, who asked not to be identified, said he thinks a combination will take place around the end of this decade. Its form, he said, will be "more like a legitimate merger than a swallowing of the CFTC. And it probably won't even be as controversial as it is now."

JEROME IDASZAK

**Stock Futures**  
(Continued from Page 105)

managers. Exchange officials concur that progress is being made in this area, but at a pace that they find frustrating.

Ironically, some market analysts suggest that a major market correction could be just the catalyst needed to increase institutional involvement. Futures always have been viewed by economists as a much more useful risk-shifting tool in falling markets than in rising ones. Should the recent explosion in securities prices stall and begin to falter, portfolio managers might rush to stock index futures to limit the losses they would suffer from holding multimillion-dollar portfolios of stocks, analysts said.

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NYSE Most Actives						
	Vol.	High	Low	Close	Chg.	% Chg.
Bnl Am	13946	25	21½	21½	+1½	+4%
A77	11272	67½	64½	67½	+2½	+3%
Diamond	11000	25	24½	25½	-1	+4%
K mart	11316	38½	37½	38	+1	+2%
Wards S	12129	35	32½	35½	+1½	+4%
Ford Motor	10205	44	43½	43½	+1½	+3%
IBM	9476	134½	131	129½	-1	+1%
SonyCo	8882	15	14½	15½	+1	+6%
GMoI	8075	75½	72½	73	+1	+1%
NSemi	7939	56½	55½	56½	+1½	+3%
JohnJn	7770	44½	44½	44½	+1½	+3%
vM ManvI	1241	13½	13	13½	+1	+7%
Esko	7453	69½	68½	68½	-1	+1%
Phibbs S	7621	20½	20½	20½	+1	+5%
Sears	7317	38½	37½	38½	+1	+3%

Dow Jones Averages						
	Open	High	Low	Close	Chg.	% Chg.
Indus	1240.45	1257.01	1233.64	1249.19	+ 15.25	.0125
Trans	586.48	594.26	583.27	590.04	+ 7.20	.0124
Upt.	131.79	133.33	131.50	133.19	+ 1.74	.0134
Comp	495.87	502.00	493.24	499.31	+ 6.14	.0123

NYSE Index					
	High	Low	Close	Chg.	Chg. %
Composite	97.94	97.62	97.86	+0.27	+0.28%
Industrials	114.09	113.73	113.94	+0.31	+0.28%
Trans.	97.51	97.33	97.57	+0.05	+0.05%
Utilities	48.77	48.50	48.77	+0.41	+0.84%
Finance	99.99	98.73	98.99	+0.73	+0.73%

Odd-Lot Trading in N.Y.					
	Buy	Sales	Diff.	Buy %	Sales %
Sept. 19	144,477	404,480	1,022		
Sept. 16	154,269	328,419	1,220		
Sept. 15	155,473	322,757	881		
Sept. 14	154,946	321,036	165		
Sept. 13	174,503	334,915	741		

\*Included in the sales figures

## Tuesday's NYSE Closing

Vol. at 4 p.m.	103,850,000
Prev. 4 p.m. Vol.	85,630,000
Prev Consolidated Close	99,175,000

AMEX Diaries		
	Class	Prev.
Advanced	318	240
Declined	292	265
Unchanged	322	180
Total Issues	832	825
New Highs	19	15
New Lows	6	2
Volume up	4,759,500	
Volume down	2,363,500	

NASDAQ Index				
	Close	Chg/e	Week Ago	Year Ago
Computer	302.34	+1.53	297.93	187.91
Industrials	351.45	+1.36	350.82	214.75
Finance	262.49	+1.22	275.49	174.28
Insurance	248.21	+1.04	249.73	202.06
Utilities	250.51	+1.72	248.37	204.06
Bonds	199.43	+0.29	195.19	132.49
Trans.	282.25	+3.02	276.84	174.76

	Vol.	High	Low	Close	Chg/
ImpCh	4577	8 1/2	8	8 1/2	+ 1/2
FPA's	5062	11 1/2	11	11 1/2	+ 1/2
Dunlop	3523	1	1 1/2	1	-
WansB's	3480	34 1/2	34	34 1/2	+ 1/2
Tutlex F	1845	20 1/2	18 1/2	19 1/2	+ 1/2
OrfPd's	1485	29	27	28 1/2	+ 1 1/2
GTCg g	1551	16 1/2	16 1/2	16 1/2	+ 1/2
AmhdL's	1451	19 1/2	19 1/2	19 1/2	+ 1/2
Damer?	1412	4 1/2	4 1/2	4 1/2	+ 1/2
BeefCh n	1198	6 1/2	5 1/2	5 1/2	- 1

12 Month					Sis.			Close		
High	Low	Stock	Div.	Yld.	PE	100s	High	Low	Quot.	Chg.

12 Month High	Low	Stock	Div.	Yld.	PE	Stk. 100s Hld
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	Class	12 Month		
Wk Low	Quat. Ch'ge	High	Low	Stock

	Stk.	Close	12 Month
Yld. PE	100s High Low	Quot. Chgs.	High Low

Stock	Div.	Yld.	PE	Sis. 100s	High	Low	Close	Quot.	Ch'ge
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72 Month  
High Low Stock Div. Yld. PE 100s High Low

Close  
Quot. Chg. 13 Martin  
High Low Stock Div. Yld. PE  
21 60 15M NSEMI

100s High Low Quot. Chg.

**Sales figures are unofficial. Yearly highs and lows**  
**the previous 52 weeks plus the current week, based on**  
**latest trading day. Where a spill or stock di-**  
**visioning to 25 percent or more has been paid, the**  
**only, unless otherwise stated, dividend for the new**  
**shares is shown. Dividend rates of dividends are**  
**disbursements based on the latest declaration.**

- a—dividend also extra(s).
- b—annual rate of dividend plus stock dividend,
- c—liquidating dividend.
- cld—called.
- d—new yearly low.
- e—dividend declared or paid in preceding 12 months.
- f—dividends in Canadian funds, subject to 15%
- residence test.
- g—dividend declared after split-up or stock dividend.
- h—dividend paid this year, omitted, deferred, or not
- taken at latest dividend meeting.
- i—dividend declared or paid this year, an accumulation
- issue with dividends in arrears.
- j—dividend paid in the last 52 weeks. The high-low
- begins with the start of the first trading
- next day delivery.
- P/E—price-earnings ratio.
- r—dividend declared or paid in preceding 12 months.
- s—stock split. Dividend begins with date of split.
- t—dividend paid in stock in preceding 12 months, esti-
- mate value on ex-distribution or ex-distribution date.
- u—new yearly high.
- v—trading halted.
- w—in bankruptcy or receivership or being reorga-
- nized under the Bankruptcy Act, or securities assumed by
- companies.
- x—when distributed.
- y—when issued.
- z—without warrant.
- z/w—ex-dividend or ex-rights.
- z/d—ex-distribution.
- z/w—without warrants.
- v—no-dividend and sales in full.
- y/g—yield.
- z—sales in full.

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## Marc Rich Tax Charges May Double, U.S. Says

*The Associated Press*

**NEW YORK.** — The federal grand jury that indicted Marc Rich, the wealthy commodities trader, in the biggest U.S. tax evasion case ever prosecuted is investigating other tax-evasion charges just as large, a prosecutor said Tuesday.

But the Swiss government has seized papers needed to document any new allegations and has refused to release them, Assistant U.S. Attorney Lawrence B. Pedowitz said.

He made the statement in a hearing at U.S. District Court in Manhattan on whether Mr. Rich's company, Marc Rich & Co. International, the Swiss firm's U.S. trading arm.

Arrest warrants were issued for Mr. Rich and Mr. Green, respectively among the world's wealthiest commodities traders, who are believed to be in Switzerland, said U.S. Attorney Rudolph Giuliani.

Prosecutors could have trouble extruding the two men because tax evasion is not a crime in Switzerland and thus is not covered in a U.S.-Swiss extradition pact, a Swiss counsel in New York said.

The counsel, Josef Aegger, said trading with an enemy was also excluded.

However, Mr. Aegger said, the Swiss would cooperate "if there are other crimes that Mr. Rich and Mr. Green are accused of than fall under the treaty."

U.S. pipe and tube makers told the Senate Finance subcommittee on steel tube and pipe from Europe would invite trade retaliation, a senior Commerce Department official warned U.S. manufacturers at a congressional hearing.

Deputy Assistant Secretary Alan Holmer said Monday that passage of legislation allowing the United States to set unilateral import quotas would jeopardize a 1982 agreement by European producers to cut exports voluntarily.

U.S. pipe and tube makers told the Senate Finance subcommittee on steel tube and pipe from Europe would invite trade retaliation, a senior Commerce Department official warned U.S. manufacturers at a congressional hearing.

Mr. Pedowitz said that the continuing grand jury investigation involved alleged tax violations that were "at least as great" as the \$48 million evasion charged Monday.

The federal grand jury accused

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## BUSINESS BRIEFS

### Hyster for Now Ends Plan to Move Some Dutch Operations to Scotland

(Continued from Page 13)  
**NUMMEGEN**, the Netherlands (Reuters) — Hyster Co., a U.S. company that makes fork-lift trucks, said that it has shelved plans for the time being to move part of its operation from here to Scotland, spokesmen for the trade unions said.

But in a compromise with the unions, 158 of the 548 workers at Hyster's plant here are to be laid off, the spokesman said Monday night. Hyster also agreed to give the unions quarterly information on its position, union spokesmen said.

In July, a Dutch court ordered the company to freeze its transfer plans, saying Hyster and union representatives must negotiate over the company's reorganization plan. Hyster said earlier this year that it wanted to move part of its Dutch operation to Scotland to benefit from British standards.

### Snius Says Revenue Rose 33% in Half

**PARIS** (Reuters) Société Nationale Industrielle Aérospatiale's revenue in the first half rose 33 percent to 11.4 billion francs (\$1.42 billion), but orders fell 10 percent to 45 billion francs from a year earlier, the company said.

Snius said the higher revenue was spread equally among the aviation, helicopter and tactical-engines divisions, but ballistic systems had a slower growth.

The decline in orders mostly affected the helicopter and aviation divisions, while other sectors were stable, it added.

### Tube Quotas Questioned by U.S. Aide

**WASHINGTON** (Reuters) — A proposal to set quotas on imports of steel tube and pipe from Europe would invite trade retaliation, a senior Commerce Department official warned U.S. manufacturers at a congressional hearing.

Deputy Assistant Secretary Alan Holmer said Monday that passage of legislation allowing the United States to set unilateral import quotas would jeopardize a 1982 agreement by European producers to cut exports voluntarily.

U.S. pipe and tube makers told the Senate Finance subcommittee on steel tube and pipe from Europe would invite trade retaliation, a senior Commerce Department official warned U.S. manufacturers at a congressional hearing.

Mr. Pedowitz said that the continuing grand jury investigation involved alleged tax violations that were "at least as great" as the \$48 million evasion charged Monday.

The federal grand jury accused

## CGE, Thomson-Brandt Cleared to Shift Assets

It was not immediately clear how the two reorganizations would affect the negotiations between CGE and Italy's Olivetti to develop and produce new electronic typewriters in France. A senior French government official said Tuesday that he thought that with CGE's role reduced, the negotiations would be "facilitated."

Olivetti and CIT-Alcatel recently finalized an agreement to build a new plant to construct 100,000 new generation typewriters a year, but Olivetti had insisted that it would not sign and implement the deal until the shareholding issue was resolved. Carlo de Benedetti, Olivetti's chairman, has demanded that France reduce its 33-percent shareholding in his company to 10 percent.

Mr. de Benedetti had offered to buy back the 23-percent interest from the French government amid widespread speculation that he would then like to sell the interest, possibly to a large, multinational U.S. company.

An Olivetti spokesman said Tuesday that American Telephone & Telegraph Co. and Olivetti are having discussions about possible technological cooperation between the two companies. But the spokesman said that no discussions were now underway on any capital relationship between the two companies.

Tuesday also is expected to be

CGE's key supplier of electronic components.

CGE, under government guidance, will seek to develop ties with another company in the computer and data-processing field.

CGE officials said that this company would be state-controlled CII-Honeywell Bull. The details of any cooperation between the companies have not yet been negotiated, though the government is determined that the reorganization in the high-technology sector include

CCII-Honeywell Bull.

The deal would be controlled by the state.

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buy back the 23-percent interest from the French government amid widespread speculation that he would then like to sell the interest, possibly to a large, multinational U.S. company.

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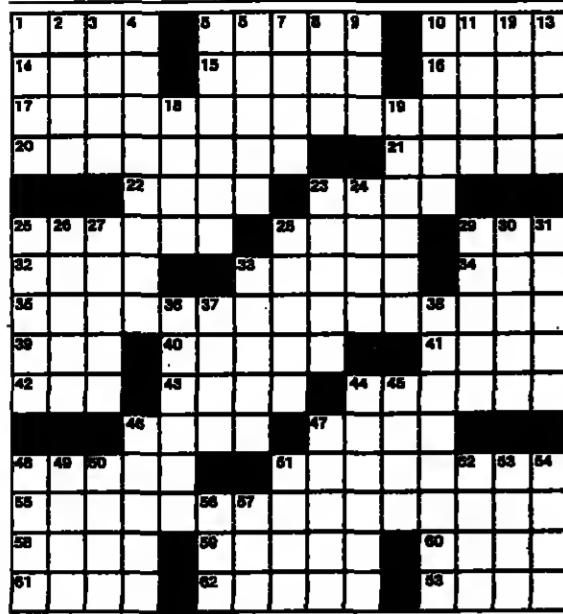
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## CROSSWORD



**ACROSS**

- Advantage
- Draper's merchandise
- Pessimist's word
- Emerge, as a menace
- Ride, boat hit; 1974
- We had an Irish Rose
- Admirably adamant
- Causes bewilderment
- Musical instruments
- Anne and Jeanne, for short
- Sisters' creations
- Bad-tempered Cal from a nursery
- Call from a fish
- Endlessness Laurel or Hardy
- Número
- Fidgety and frightened Game or license
- Hopeless case
- Wedding
- Diego's donkey
- Prize-winning Beatty film
- Outbursts Wool-producing mammal
- Quite

© New York Times, edited by Eugene Maleska.

## DENNIS THE MENACE



"I THINK I'M FALLING IN LOVE."

## JUMBLE

THAT SCRABBLE WORD GAME by Hank Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

## HOACC

OOO

## PREKO

OOO

## TULYSS

OOO

## YEEHRB

OOO

Now arrange the circled letters id for your Jumble words, as suggested by the above hints.

Print answer here: A OOO OOO OOO

(Answers tomorrow)

Yesterday's Jumble: VALET BAGGY ARMORY CONVEY

Answer: How they stand at the undertakers' annual shindig—GRAVEL.

WEDNESDAY'S JUMBLE: RUMBLE, RUMBLE, RUMBLE

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## SPORTS

**Liberty Overcomes Light Wind for 4th-Race Victory***The Associated Press*

**NEWPORT,** Rhode Island — Dennis Conner, sailing conservatively after bolting into an early lead, steered *Liberty* to within one victory of winning the America's Cup by beating *Australia II* by 43 seconds in light wind in Tuesday's fourth race, the closest of the series.

It was a striking turnaround for the Americans, whose hold on the trophy had seemed in doubt Sunday after the *Liberty* suffered the worst defeat by a U.S. boat since 1871. *Liberty* apparently had made some adjustments during Monday's day lay, or day off, to overcome *Australia II*'s superiority in winds similar to Tuesday's 10- to 15-knot breezes on Rhode Island Sound.

The victory, which took 3 hours, 29 minutes and 17 seconds, gave *Liberty* a 3-1 lead in the best-of-seven series. The next race is scheduled for Wednesday, barring a request by the Australians for a day off.

Conner, who had called the lay day Monday in face of the light winds predicted for Rhode Island Sound, found himself in similar unfavorable conditions for most of Tuesday's race. Southwest winds of 10 knots blew under bright skies at the start.

After jumping to a six-second lead at the start, Conner could not

be coaxed into a tacking duel with the quick-turning *Australia II*. He built a 36-second lead in the first leg, stretched it to 48 seconds in the first of two 3.1-mile crosswind reaches and held that margin through the second.

The Australians managed to gain just two seconds in the next weather leg. They picked up another 11 in the 4.5-mile downwind run and began the final leg 35 seconds behind.

The loss was the first in which the Australians failed to experience equipment problems. They lost the first race by 1:10 and the second by 1:33.

After equipment problems and shifting winds contributed to *Australia II*'s two losses, skipper John Bertrand ended the American's boat's domination with a pair of remarkable weekend performances.

On Saturday, the *Australia II* beat *Liberty* at every mark but couldn't beat the clock. The winged-keel yacht led by a phenomenal five minutes, 57 seconds heading into the final leg, an up-

wind beat. But, with the *Australia II* two miles short of the finish line, the time limit of five hours, 15 minutes race expired, and there was no decision.

*Australia II* showed more of the same Sunday, again flying on the light air to lead at every mark and win by 3 hours, 14 minutes, the biggest victory by an American's Cup challenger in 112 years.

*Liberty* won the start Tuesday for the third time in four races, and for the first time in the series, maintained its edge at the first mark.

Its sizable advantage after the opening leg, into the wind, was about 36 seconds as it set its spinnaker for the two crosswind racing legs, which it dominated.

The defender held a slim lead of about 1½ boat lengths one-third of the way up the first leg as the winds diminished to six to seven knots. *Australia II* tried to lure *Liberty* into a tacking duel, in which boats maneuver in zig-zag patterns, but Conner wouldn't bite.

A westerly wind shift later caught *Liberty* on the wrong side of

the course. Conner tacked and the wind shifted back in his favor as he opened a lead of five boat lengths one mile from the first rounding.

On the second leg, *Liberty* widened its lead to 48 seconds by the second mark. The 12-second gain was its smallest in the three races in which it navigated that leg more quickly than *Australia II*.

The

Australia II changed spinna-

kers twice on the first reach. It didn't seem to make a difference.

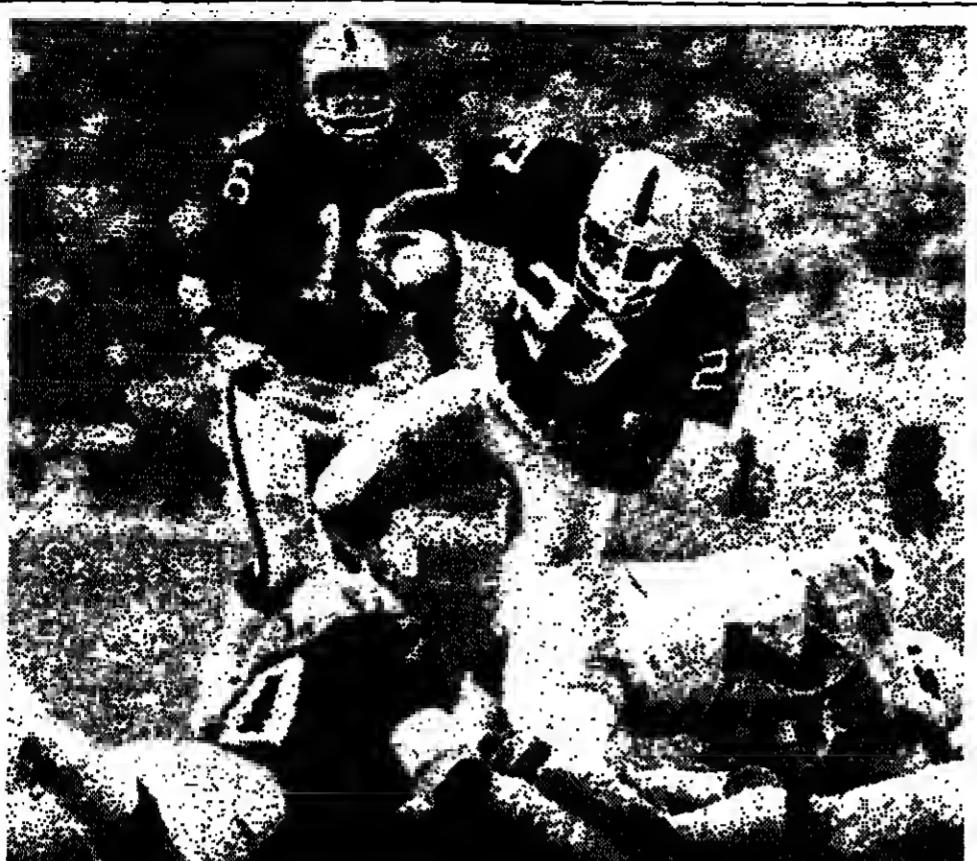
Conner was in excellent position going into the third leg of the triangular course, a leg he never has lost in his three matches with *Australia II*.

Bertrand, still changing spinna-

kers to try to catch more wind on the second leg, kept his boat within striking distance of *Liberty*.

Winds picked up to 10 to 12 knots, still moderate but heading to the stiffer breezes that Conner prefers, as *Liberty* rounded the third mark with just the final windward leg, between *Liberty* and the finish line.

Conner, sailing a very steady race, had led all the way from the start until the fifth mark. But with the winds diminishing in mid-afternoon, *Australia II* was still in contention with just the final windward leg, between *Liberty* and the finish line.



**RAIDERS WIN** — Los Angeles running back Frank Hawkins (27) goes up and over for a 2-yard touchdown in the first period in a game between the Raiders and the Miami Dolphins. The unbeaten Raiders defeated the Dolphins, 27-14, in the National Football League game Monday night. Dallas is the only other undefeated team this season.

## BEST SELLERS

The New York Times  
about the United States. Books on  
Fiction

**ROLAND S. JAMES & NOAH:  
CHANGES IN THE ROSE OF LIE  
AUGUST 1945** — Roland S. James and Noah Lie. \$12.95. Random House.

**HOLLYWOOD TITLES** — American Film Institute. \$12.95. Random House.

**THE RETURN OF THE VELVET  
by James D. Vines** — The Robin Family. \$12.95. Random House.

**THE RECOLLECTION OF PETER  
LITTLE DRUMMER BOY** — Peter Little. \$12.95. Random House.

**GOONPLAYER** — Rob Coe. \$12.95. Random House.

**HEARTBREAK** — Nonie. \$12.95. Random House.

**THE SUMMER OF KATYA** — Katya. \$12.95. Random House.

**MONMOUTH** — Robert MacLean. \$12.95. Random House.

**WHITE GOLD** — Michael. \$12.95. Random House.

**NONFICTION**

**IN SEARCH OF EXCELLENCE:**  
Thomas J. Peters and Robert H. Waterman Jr. \$12.95. Random House.

**THE ONE MINUTE MANAGER:**  
Kenneth H. Blanchard and Spencer Johnson. \$12.95. Random House.

**CREATING HEALTH IN AMERICA:**  
John C. Maxwell. \$12.95. Random House.

**ON WITH IT** — John C. Maxwell. \$12.95. Random House.

**JANE SMITH'S STYLING BOOK:**  
Jane Smith. \$12.95. Random House.

**BLUE HIGHWAY** — Bill Bryson. \$12.95. Random House.

**HOW TO GET A JOB** — John C. Maxwell. \$12.95. Random House.

**TIME TO GET DOWN TO BUSINESS** — John C. Maxwell. \$12.95. Random House.

**HOW TO LIVE TO BE A GRANDMA:**  
The Last Mile. \$12.95. Random House.

**THE SECRET OF JAMES HERMAN:**  
James Herman. \$12.95. Random House.

**Orioles' Victory Eliminates Brewers in AL East***United Press International*

**BALTIMORE** — Rookie John Steffens' two-out single capped a two-run home run by the Baltimore Orioles to an 8-7 victory over Milwaukee Monday, eliminating

man and Dwight Evans added home runs to lift the Red Sox over New York, 5-3. Rice hit his 37th homer, tops in the American League, and increased his league-leading RBI total to 120.

**Twins 7, White Sox 5**

In Chicago, Tom Brunansky's two-out, two-run homer in the eighth gave Minnesota a 7-5 victory over the AL West champion White Sox.

**Phillies 7, Cubs 6**

In Philadelphia, Joe Morgan collected his second home run and fourth of the game to break a tie in the sixth inning as the Phillies edged Chicago, 7-6.

**Mets 5, Pirates 4**

In New York, Hobie Brooks singled with one out in the bottom of

**Monday's Baseball Line Scores***AMERICAN LEAGUE**First Game**Kansas City**Brown, Haugler 16; Steiner 21 and Brink 18;**Block, Armstrong 18 and Stoeckh 19; Arm-**strong 19; L., Hause, 0-5, HRS—California,**Volden 11; Adams 11, Konow 10; Kansas City, Al-**lerts 19; . . .**Second Game**California**Steiner 17; Voss 16 and Williams 12;**Curtis 18; McLaughlin 17; Lucy 17 and**Ortiz 18; D. Jackson, Holloman and**Worrell 18; H., Hause, 0-5, Diaz 18; Carter,**W., Grimes, S., L., M., Clark 18;**Steffens 17; Steiner 17; Konow 10; Kansas**City, Al-lerts 19; . . .**Third Game**New York**Rice 19; Williams 18 and Williams 17;**Guldry and Curran; Tudor, Stanley 17 and**Wright 18; McLaughlin 17; Lucy 17 and**Ortiz 18; Diaz 17; Williams 17; Williams 17;**W., Grimes, S., L., M., Clark 18; Carter,**W., Grimes, S., L., M., Clark 18; Williams 17;**Steffens 17; Steiner 17; Konow 10; Kansas**City, Al-lerts 19; . . .**Fourth Game**Boston**Rice 19; Williams 18 and Williams 17;**Guldry and Curran; Tudor, Stanley 17 and**Wright 18; McLaughlin 17; Lucy 17 and**Ortiz 18; Diaz 17; Williams 17; Williams 17;**W., Grimes, S., L., M., Clark 18; Carter,**W., Grimes, S., L., M., Clark 18; Williams 17;**Steffens 17; Steiner 17; Konow 10; Kansas**City, Al-lerts 19; . . .**Fifth Game**Toronto**W., Grimes, S., L., M., Clark 18; Williams 17;**W., Grimes, S., L., M., Clark*

## OBSERVER

## Rooting Through Bones

By Russell Baker

LONDON — Down to Fulham Palace on the bank of the Thames to look up an antique relative on a Sunday afternoon. He is there all right, buried in a sarcophagus right behind the church as he should be, having died 260 years ago.

I am rather relieved by his inability to talk. Suppose you could knock on the tomb and find somebody home. A voice from inside saying, "Who's there?" And you told him who was there. A 20th-century relative all the way from the United States. If I were the antique bones inside the tomb, I think I'd probably say, "So what?"

The point is, the accident of blood kinship is unlikely to promote more entertaining conversation, as Americans who make these pilgrimages back to their roots so often discover. A friend of mine who recently visited his roots in Italy was appalled to discover that his relatives didn't speak English, and since he spoke no Italian they could only gaze at each other until he could flee back to Philadelphia.

Another friend, making the pilgrimage to his ancestral village in Ireland, tells me he was astounded to see a man who looked like his twin, immediately realized that despite the resemblance they couldn't possibly have anything interesting to say to each other, and got out of town fast.

So at Fulham Palace I ponder the chambered bones of this exceedingly remote uncle with relief. Yet I obviously did want some communion with him. Why else have I come here? Because I am responding to some need in the American blood, I suspect, some peculiarly American passion to turn our lives into stories which have beginnings, middles and ends. Maybe this explains the American urge to go back to this or that "old country" and stand among the stones and bones which we think of as "roots," and tell ourselves, "Yes, this is where it all began, and now I have come back to the starting point, and my little story is rounded with a pile of stones."

Such narrative satisfactions are possible only for a young immigrant nation like the United States

New York Times Service

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